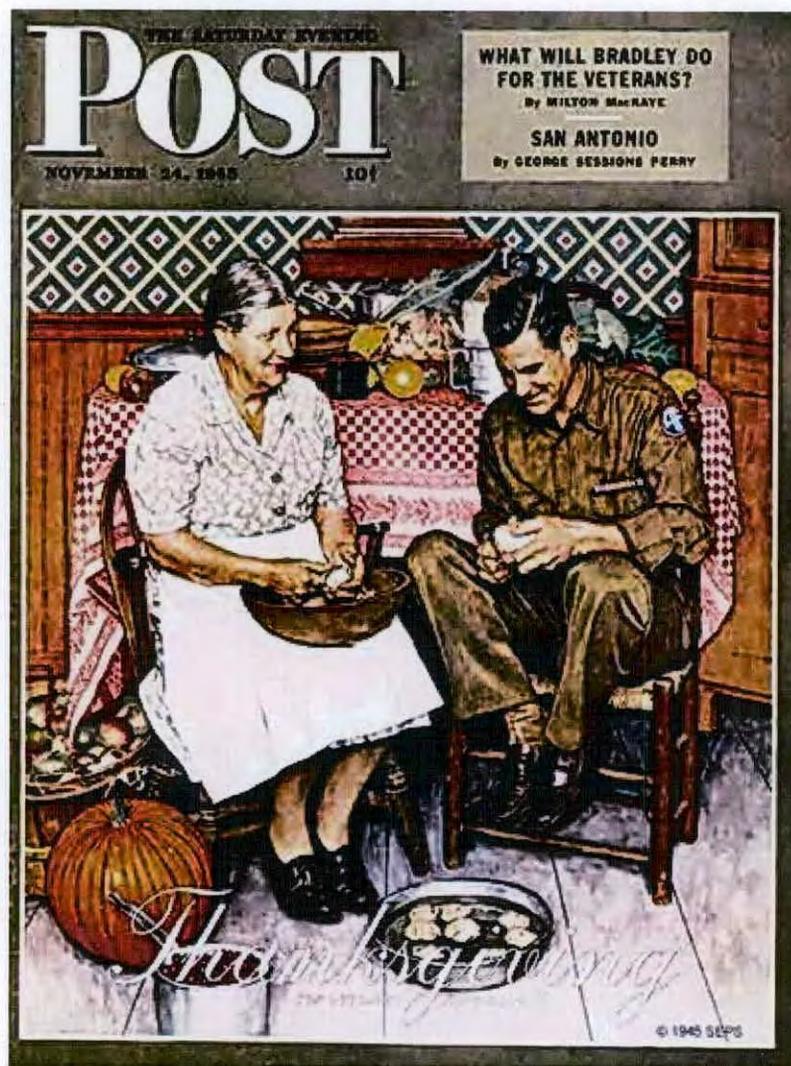


# Arkansas Development Finance Authority Board Committee Meetings and Public Board Meeting



**"A Thankful Mother"  
by Norman Rockwell  
From November 24, 1945**

**Thursday, November 17, 2016**

**Little Rock, Arkansas**

ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
BOARD COMMITTEE MEETINGS & PUBLIC MEETING

Thursday, November 17, 2016  
8:30 a.m. Board Committee Meetings

1:00 p.m. – Asset Commitment Committee  
(Bond Guaranty Loans)

2:00 p.m. - Public Board Meeting  
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BOARD HOUSING REVIEW COMMITTEE (Baxter, Mims, Stanfill, Rose & Spillyards)  
Thursday, NOVEMBER 17, 2016

8:30 A.M.

Minutes from the October 20, 2016 meeting of the Board Housing Review Committee ..... 1

**HOME:**

Application Spreadsheet..... 2

**MULTI-FAMILY:**

Caraway Commons, Jonesboro, AR ..... 3

Kathy Rieken is requesting approval for Apple Court North Limited Liability Company (Michael B. Wilhoit, principal) and Caraway Commons Investors, LLC (Vaughn C. Zimmerman, principal) to purchase the interest in the partnership, land, buildings and all improvements and approval for Wilhoit Properties, Inc. to act as the management company.

Bentonville Commons, Bentonville, AR ..... 4

Sharon Lawrence, Juniper Investment Group, is requesting Approval for Southern Oaks Bentonville, LLC to purchase the interest in the partnership, land, buildings and all improvements from Bentonville Commons 2000, L.P. Approval for Juniper Residential Management Group, LLC d/b/a First Choice Management Group to act as the management company.

Meadows at West Memphis, West Memphis, AR ..... 5

Jake Murray, Peak Capital Partners, is requesting approval for PC Meadows, LLC to purchase the interest in the partnership, land, buildings and all improvements from West Memphis Meadows 1998 Apartments, L.P. Approval for Peak Living to act as the management company.

**COMPLIANCE:**

Chapel Ridge of El Dorado I, Chapel Ridge of El Dorado II and Brookstone Park of El Dorado, El Dorado, AR ..... 6

Dawn Cook, Vice President of ERC Properties, Inc. is requesting approval to change the managing agent to Price Edwards & Company from Pinnacle Management Company.

**SINGLE FAMILY:**

Request Board approval of a new 2016 Mortgage Credit Certificate (MMC) Program..... 7

**QAP & GUIDELINES:**

Approval of the 2017 Qualified Allocation Plan and the Guidelines.....8

<b>BOARD AUDIT COMMITTEE (Cooley, Spillyards, Brooks, Green &amp; Capp)</b> <b>THURSDAY, NOVEMBER 17, 2016</b>	<b>11:30 A.M.</b>
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Minutes from the October 20, 2016 meeting of the Board Audit Committee..... 9

Discussion surrounding the Special Report-Arkansas Legislative Audit- Review of Investment Activity  
Related to the Venture Capital Investment Act of 2001..... 10

<b>BOARD PROFESSIONAL SELECTION COMMITTEE (Cooley, Baxter, Green, Rose &amp; Capp)</b> <b>THURSDAY, NOVEMBER 17, 2016</b>	<b>11:45 A.M.</b>
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Minutes from the September 15, 2016 meeting of the Board Professional Selection Committee .....11

Discussion surrounding the ADFA Professional Term Expirations..... 12

<b>BOARD INVESTMENT &amp; ADMINISTRATION COMMITTEE (Stanfill, Green, Brooks, Sweat &amp; Mims)</b> <b>THURSDAY, NOVEMBER 17, 2016</b>	<b>12:00 NOON</b>
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Minutes from the October 20, 2016 meeting of the Board Investment & Administration Committee..... 13

San Sabia request to assign investment agreement to DEPFA ACS Bank..... 14

**12:30 P.M. Lunch will be served on the 3<sup>rd</sup> Floor.**

<b>BOARD ASSET COMMITMENT COMMITTEE (Spillyards, Sweat, Green, Rose &amp; Stanfill)</b> <b>THURSDAY, NOVEMBER 17, 2016</b>	<b>1:00 P.M.</b>
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**(Please Note: This committee may go into Closed Session for the Purpose of the Preliminary  
Review of Certain Applications and All Supporting Documentation Pursuant to  
§15-5-409(b) and §15-5-207(c).**

Minutes from the October 20, 2016 meeting of the Board Asset Commitment Committee..... 15

Problem Loan Memo..... 16

SAGE V FOODS –Stuttgart, AR.....

Public Finance - Presentation by Ro Arrington

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
MEETING OF THE BOARD HOUSING REVIEW COMMITTEE  
OCTOBER 20, 2016  
State Library, Bessie Moore Room, Little Rock at 9:30 A.M.**

**ADFA Board Housing Review Committee Members Present:** Charley Baxter, Tom Spillyards, Seth Mims, Gregory Stanfill and Stephen Rose were present.

**Other Board Members Present:** Dr. Richard Burnett, Stan Green, John Cooley, Anthony Brooks, and Sara Capp were present.

**ADFA Staff Present:** Aaron Burkes, Ben Van Kleef, Lornea Wells, Alison Keator, Bob Hunt, Martha Washington, Patrick Patton, Cheryl Schluterman, Katherine Hall, Murray Harding, Susan Gardner, Barbara Whitaker, Kristy Cunningham, Tracy Green, Ruby Dean, Ro Arrington, Gary Arrington, Derrick Rose, Michael Gilliard, and Layne Anderson.

**Others Present:** Skip Motensenbocker of F & J Ventures, Brent Lacefield and Jim Petty of Strategic Realty, Lee Lane of Paris City, Nona McVay from McVay Law Firm, Jeff Van Patten of Van Patten & Company, Rod Baxter of USDA-RA, Chris Klapsa and Elizabeth Small of PDC, Andrea Cooper of ANC Development, Steve Perry of KWL, Thom Embach of Leisure Homes Corporation, Arby Smith, Kristina Knight, and Traci Wallis of RichSmith Development, Hillis Schild of Regions, and A. J. Gilbert of Newcap Investments

Mr. Charley Baxter called the meeting to order at 9:30 A.M. The meeting was conducted as a meeting of the Committee of the Whole.

**Minutes:**

Mr. Baxter asked for approval of the minutes from the September 15, 2016 meeting of the Housing Review Committee. Mr. Seth Mims made a motion to approve the minutes. Mr. Tom Spillyards seconded the motion. The motion passed unanimously.

**HOME:**

The Application Spreadsheet was discussed.

**Multifamily:**

**White River II, LP**

Carr Hagan of LHP, LLC, on behalf of White River II, LP is asking for the approval of Olympus Construction, Inc. as the general contractor in connection with the 2016 development of White River Apartments. Mr. Tom Spillyards made a motion to approve the request. Mr. Seth Mims seconded the motion. The motion passed unanimously.

**East Oakwood Apartments**

Tom Embach of Leisure Homes Corporation requests approval for Thomas E. Embach, Trustee of the Thom E. Embach Gift Trust to purchase the Raymond James partnership interest in East Oakwood Apartments. Mr. Tom Spillyards made a motion to approve the request. Mr. Seth Mims seconded the motion. The motion passed unanimously

**National Housing Trust Fund**

ADFA requests the approval of an amendment to the Draft Allocation Plan for the National Housing Trust Fund. Mr. Tom Spillyards made a motion to approve the request. Mr. Gregory Stanfill seconded the motion. The motion passed unanimously

**Other:**

A discussion of the revisions to the QAP/Guidelines was discussed by Mr. Ben Van Kleef, the members of the Board of Directors in attendance, and Arby Smith and Jim Petty, members of the audience.

At the close of the meeting, Mr. Baxter adjourned the meeting at approximately 10:42 A.M.

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Aaron S. Burkes, President and Secretary

HOME Applications Pipeline Terms/Definitions

Pipeline Status	Definitions
Application Received	application received by ADFA but not currently being worked by Program Officer
Assigned to Program Officer	application assigned to Program Officer and is currently being worked; also applies to deficient applications in review process
Needs Committee Approval	application is fully-worked and waiting on Board Housing Review Committee approval
Board Approved	application is approved by ADFA Board of Directors and waiting on signed HOME agreement
Committed	signed HOME agreement has been received; entered into IDIS; working on signed loan documents
Loan Closed	signed loan documents (ex. Mortgage and Note Payable); entered into MITAS; awaiting or in construction phase
Fully Funded	approved amount of HOME funds fully drawn down and paid to project
Settlement Funds	application approved by ADFA Board of Directors to use funds available from the \$9.0 million dollars allocated to ADFA from the Attorney General of the State of Arkansas as a portion of the settlement of the lawsuit styled <i>United States of America et al. v. Bank of America Corporation, et al</i> , of which the State of Arkansas received as a party to the lawsuit.
De-Obligated Funds	Downward adjustment of the obligations recorded in a contract document. It is caused by factors such as (1) termination of a part of the project, (2) reduction in material prices, (3) cost under-run, or (4) correction of recorded amounts.
Other Funding Sources-no HOME	application was approved for other funding rather than HOME (ex. Tax Credits only, CDBG, PRLF)
Tax Credit Application	application designated as a Tax Credit application; status will change if allocated HOME money
Application Withdrawn	deal fell through; HOME money no longer needed
Homeowner Drops	deal previously approved and agreements signed but no money ever disbursed (ex. death, contractor problems, etc.)
Denied	application denied for various reasons

Type of Funding	Definitions
ACQ-REHAB	Acquisition Rehab
HO-ACQ	Homeowner Acquisition
HO-ADMIN	Homeowner Program Administration
HO-RECON	Homeowner Re-Construction
HO-REHAB	Homeowner Rehab
HO-MH REPLACE	Homeowner Mobile Home Replacement
HO-NC	Homeowner New Construction
NC-AL	New Construction-Assisted Living
RNC	Rental New Construction
RR	Rental Rehab
RNC DETACHED	Rental New Construction Detached
SF DETACHED	Single Family Detached
TBRA	Tenant-Based Rental Assistance

Home Applications Pipeline Report  
As of 11/07/2016

APPLICANT NAME	CONTACT	PROJECT NAME/CITY/COUNTY	TYPE OF CONSTRUCTION	# OF HOME UNITS / TENANTS	TOTAL REQUEST	FINAL REVIEW DATE	HRC STAFF RESULTS	BOARD REVIEW	HO-REHAB TOTAL of SUPPORTING PROJECTS	TOTAL APPROVED	PROGRAM OFFICER	PIPELINE STATUS	DATE OF STATUS	ER Complete Yes / No
<b>HOME-CHDO SET ASIDE APPLICATIONS:</b>														
IN-Affordable Housing, Inc.	Roma Isom, 501-920-2156, roma.isom@yahoo.com	Emerald Mountain Subdivision & Carrington Place Subdivision/Saline & Pulaski Counties	NC-SF DETACHED	10 UNITS	\$990,000.00		REVIEW-DEFICIENCY LETTER			\$0.00	Michael	Assigned to Program Officer	11/8/2016	N/A
Carroll Partners, LP	Park-IAH Arkansas Development; Roma Isom (501) 221-2203; Chilton Bates (601) 321-7623	Carroll House-scattered sites/Berryville, Eureka Springs, Green Forrest/ Carroll County	ACQ-REHAB	10 HOME /64 TC UNITS	\$900,000.00	8/8/2016	APPROVED W/TC	08/18/16		\$900,000.00	Tax Credit	Board Approved	8/18/2016	N/A
Lofts at Texarkana LP	RichSmith Development, LLC Arby Smith 501-258-0050	Lofts/Texarkana/Miller County	ACQ-REHAB	50 UNITS	\$900,000.00	5/6/2013	APPROVED-W/TC	05/16/13		\$900,000.00	Tax Credit	Loan Closed	10/15/2014	YES
Crawford-Sebastian Community Development Council, Inc.	Karen Phillips, 479-785-2303 ext 124, kphillips@csdccc.org	Crawford-Sebastian Community Development Council, Inc. (Blue Blvd Subdivision)/Fort Smith/Sebastian County	HO-NC	7 UNITS	\$630,000.00	6/8/2015	APPROVED	06/18/15		\$630,000.00	Michael	Loan Closed	9/1/2015	YES
Crawford-Sebastian Community Development Council, Inc.-Administration		Crawford-Sebastian Community Development Council, Inc. (Blue Blvd Subdivision)/Port Smith/Sebastian County	HO-ADMIN	7 UNITS	\$63,000.00	6/8/2015	APPROVED	06/18/15		\$63,000.00	Michael	Committed	9/1/2015	N/A
Van Buren Housing Partners, L.P.	Karen Phillips, 4831 Armour Ave, Fort Smith, AR 72904 (479) 785-2303	StoneBrook/Van Buren/Crawford County	NC DETACHED	7 HOME CHDO /40 TC UNITS	\$630,000.00	8/10/2015	APPROVED-W/TC	08/20/15		\$630,000.00	Tax Credit	Loan Closed	4/29/2016	YES
In Affordable Housing, Inc.	Roma Isom, 501-920-2156, roma.isom@yahoo.com	In Affordable - Greenwood Acres/Little Rock/Pulaski County	HO-NC	10 UNITS	\$990,000.00		DENIED			\$0.00	Michael	Denied	11/9/2015	N/A
Brinkley Housing Ptrns, LP	Arkansas Land & Farm Development Co; Dr. Calvin King, Sr., (870) 734-1140; Jim Petty, Consultant (479) 262-6655	Pinewood/Brinkley/Monroe County	ACQ-REHAB	4 HOME /32 TC UNITS	\$360,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Dardanelle Housing Ptrns, LP	Universal Housing Development; Pat Atkinson, (479) 968-5001; Jim Petty, Consultant (479) 262-6655	Riverview/Dardanelle/Yell County	ACQ-REHAB	3 HOME /40 TC UNITS	\$270,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Marion Housing Partners, LP	Arkansas Land & Farm Development Co; Dr. Calvin King, Sr., (870) 734-1140; Jim Petty, Consultant (479) 262-6655	StoneBrook/Sunset/Crittenden County	RNC DETACHED	9 HOME /32 TC UNITS	\$810,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
<b>HOME-CHDO SET ASIDE APPLICATIONS: Total</b>					<b>\$6,543,000.00</b>					<b>\$3,123,000.00</b>				

Home Applications Pipeline Report  
As of 11/07/2016

APPLICANT NAME	CONTACT	PROJECT NAME/CITY/COUNTY	TYPE OF CONSTRUCTION	# OF HOME UNITS / TENANTS	TOTAL REQUEST	FINAL REVIEW DATE	HRC STAFF RESULTS	BOARD REVIEW	HO-REHAB TOTAL of SUPPORTING PROJECTS	TOTAL APPROVED	PROGRAM OFFICER	PIPELINE STATUS	DATE OF STATUS	ER Complete Yes / No
<b>HOMEOWNER - CONSTRUCTION AND REHAB APPLICATIONS:</b>														
Pulaski County Community Services	Shonda Stenhouse 501-340-8349	Phase II-various sites/Pulaski County	HO-REHAB/RECON	5 UNITS	\$280,280.00		REVIEW			\$0.00	Michael	Application Received	9/29/2016	N/A
CAPDD	Sue Bryan, 501-676-2721, sue.bryan@capdd.org	Phase III-various sites/Lonoke & Prairie Counties	HO-RECON	4 UNITS	\$396,000.00		REVIEW			\$0.00	Michael	Application Received	8/18/2016	N/A
Crittenden County-Phase III	Woody Wheelless, 870-739-3200 or Barbara Erby, 501-247-8118 bapps42@hotmail.com	Phase III-various sites/West Memphis/Crittenden County	HO-RECON	5 UNITS	\$495,000.00		REVIEW-DEFICIENCIES NOTED RETURNED FOR REVISION			\$0.00	Michael	Assigned to Program Officer	10/10/2016	N/A
Crittenden County-Phase IV	Woody Wheelless, 870-739-3200 or Barbara Erby, 501-247-8118 bapps42@hotmail.com	Phase IV-various sites/West Memphis/Crittenden County	HO-RECON	5 UNITS	\$495,000.00		REVIEW-DEFICIENCIES NOTED RETURNED FOR REVISION			\$0.00	Michael	Assigned to Program Officer	10/10/2016	N/A
Arkansas Land & Farm Development Corporation	Dr. Calvin R. King, Sr., 870-734-1140	various sites/Palestine, Marianna, Wynne/Lee, St. Francis & Cross Counties	HO-RECON	5 UNITS	\$495,000.00		REVIEW-DEFICIENCY LETTER SENT			\$0.00	Michael	Assigned to Program Officer	12/7/2015	N/A
Boys, Girls, Adults Community Development Center, Inc.	Valerie Hannesberry; 870-829-3276; Delta Comm. Development & Law Center- Michael Jackson; 501-246-4128; mjackson@thedeltacenter.org	various sites/Helena, Marvell, Poplar Grove/Phillips County	HO-REHAB/RECON	7 UNITS	\$327,163.38		REVIEW-DEFICIENCY LETTER SENT			\$0.00	Michael	Assigned to Program Officer	10/10/2016	N/A
Arkansas Land & Farm Development Corporation	Calvin R. King - 870-734-1140	various sites/ St. Francis County	HO-REHAB/RECON	7 UNITS	\$478,500.00	2/8/2016	APPROVED	02/18/16	\$478,500.00		Michael		2/18/2016	YES
Arkansas Land & Farm Development Corporation--Administration		various sites/ St. Francis County	HO-ADMIN						\$43,500.00		Michael	Committed	4/29/2016	YES
Arkansas Land & Farm Development Corporation--Boyland, Jr., Kenneth		various sites/ St. Francis County	HO-RECON						\$90,000.00		Michael	Loan Closed	7/27/2016	YES
Arkansas Land & Farm Development Corporation--Hicks, McAuther & Brenda		various sites/ St. Francis County	HO-RECON						\$90,000.00		Michael	Committed	4/29/2016	YES
Arkansas Land & Farm Development Corporation--Kelly, Irene		various sites/ St. Francis County	HO-RECON						\$90,000.00		Michael	Loan Closed	7/27/2016	YES
Arkansas Land & Farm Development Corporation--Walker, Opetra		various sites/ St. Francis County	HO-RECON						\$90,000.00		Michael	Committed	4/29/2016	YES
Arkansas Land & Farm Development Corporation--Anderson, Dennis & Doreen		various sites/ St. Francis County	HO-REHAB						\$25,000.00		Michael	Committed	4/29/2016	YES
Arkansas Land & Farm Development Corporation--Carter, Susan		various sites/ St. Francis County	HO-REHAB						\$25,000.00		Michael	Loan Closed	8/2/2016	YES
Arkansas Land & Farm Development Corporation--Cottrell, Murvin & Juanita		various sites/ St. Francis County	HO-REHAB						\$25,000.00		Michael	Committed	4/29/2016	YES

Home Applications Pipeline Report  
As of 11/07/2016

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Eastern Arkansas Community Development Corp (EACODC)	Charles Eason, 870-732-3975, anthonyville2006@aol.com	Various sites/West Memphis, Edmonson/Crittenden County	HO-RECON	5 UNITS	\$495,000.00	2/8/2016	APPROVED	02/19/16	\$495,000.00		Michael		2/25/2016	YES
Eastern Arkansas Community Development Corp (EACODC)-Administration		Various sites/West Memphis, Edmonson/Crittenden County	HO-ADMIN							\$45,000.00	Michael	Committed	2/25/2016	YES
Eastern Arkansas Community Development Corp (EACODC)-DeShazier, Harrel & Gendolyn		Various sites/West Memphis, Edmonson/Crittenden County	HO-RECON							\$90,000.00	Michael	Loan Closed	3/29/2016	YES
Eastern Arkansas Community Development Corp (EACODC)-Mayhew, Lucy Rattler		Various sites/West Memphis, Edmonson/Crittenden County	HO-RECON							\$90,000.00	Michael	Committed	2/25/2016	YES
Eastern Arkansas Community Development Corp (EACODC)-Jones, Joe--replaces Martin, Esther (deceased)		Various sites/West Memphis, Edmonson/Crittenden County	HO-RECON							\$90,000.00	Michael	Committed	2/25/2016	YES
Eastern Arkansas Community Development Corp (EACODC)-Allen, Glory replaces Bledsoe, Elna Gaye		Various sites/West Memphis, Edmonson/Crittenden County	HO-RECON							\$90,000.00	Michael	Committed	2/25/2016	YES
Eastern Arkansas Community Development Corp (EACODC)-Cross, Rita		Various sites/West Memphis, Edmonson/Crittenden County	HO-RECON							\$90,000.00	Michael	Loan Closed	3/21/2016	YES
Crawford-Sebastian Community Development Council, Inc.	Karen Phillips, 479-785-2303 ext 124, kphillips@cscdcca.org	Various sites/Fort Smith/Sebastian County	HO-RECON/MH REPLACE	5 UNITS	\$485,619.20	7/6/2015	APPROVED	07/16/15	\$485,619.20		Michael		2/1/2016	YES
Crawford-Sebastian Community Development Council, Inc.-Administration		Various sites/Fort Smith/Sebastian County	HO-ADMIN							\$35,703.70	Michael	Committed	2/1/2016	N/A
Crawford-Sebastian Community Development Council, Inc.-Liley, Monica		Various sites/Fort Smith/Sebastian County	HO-RECON							\$90,000.00	Michael	Committed	2/1/2016	YES
Crawford-Sebastian Community Development Council, Inc.-Rogers, Joyce-withdrew but allocation will remain a Crawford-Sebastian Community Development Council, Inc.-Weaver, Shirley		Various sites/Fort Smith/Sebastian County	HO-RECON							\$92,878.50	Michael	Committed	2/1/2016	YES
Crawford-Sebastian Community Development Council, Inc.-Wilson, Glen		Various sites/Fort Smith/Sebastian County	HO-RECON							\$89,160.00	Michael	Loan Closed	11/5/2015	YES
Crawford-Sebastian Community Development Council, Inc.-Turner (McFadden), Farrah		Various sites/Fort Smith/Sebastian County	HO-MH REPLACE							\$87,877.00	Michael	Committed	2/1/2016	YES
Lake View, City of	Darrin Davis, 870 827-6341, lakefrontfarm@yahoo.com	Various Sites/Phillips County	HO-RECON	5 UNITS	\$99,000.00	6/7/2010 & 7/6/2015	APPROVED	6/17/2010 & 7/16/2015	\$99,000.00		Michael			YES
Lake View, City of-Administration		Various Sites/Phillips County	HO-ADMIN							\$9,000.00	Michael	Committed	1/5/2015	N/A
Lake View, City of-Johnson, Vandy (replaced O'Neal, Gloria I.-deceased)		Various Sites/Phillips County	HO-RECON							\$90,000.00	Michael	Loan Closed	1/5/2015	YES
Arkansas Land & Farm Development Corp	Dr. Calvin R. King, Sr., 870-734-1140	Various Sites/Marianna&Haynes/Lee County	HO-REHAB/RECON	6 UNITS	\$329,200.00	8/5/2013	APPROVED	08/15/13	\$329,200.00		Michael		7/30/2013	YES
Arkansas Land & Farm Development Corp-Administration		Various Sites/Marianna&Haynes/Lee County	HO-ADMIN							\$32,200.00	Michael	Committed	8/16/2013	N/A
Arkansas Land & Farm Development Corp-Brown, Gracie		Various Sites/Marianna&Haynes/Lee County	HO-RECON							\$90,000.00	Michael	Loan Closed	9/12/2013	YES
Arkansas Land & Farm Development Corp-Rhone, Dellia		Various Sites/Marianna&Haynes/Lee County	HO-RECON							\$90,000.00	Michael	Fully Funded	6/26/2015	YES
Arkansas Land & Farm Development Corp-Brooks, Ethel		Various Sites/Marianna&Haynes/Lee County	HO-RECON							\$92,000.00	Michael	Fully Funded	2/24/2016	YES
Arkansas Land & Farm Development Corp-Vaccaro, Wohnner		Various Sites/Marianna&Haynes/Lee County	HO-REHAB		\$25,000.00					\$0.00	Michael	De-Obligated Funds	1/8/2014	YES
Arkansas Land & Farm Development Corp-Jones, Kelly & Lela		Various Sites/Marianna&Haynes/Lee County	HO-REHAB							\$25,000.00	Michael	Fully Funded	9/10/2014	YES

Home Applications Pipeline Report  
As of 11/07/2016

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Warren Housing Authority	Mike Jolley, 870-226-2600, warrenha@sbcg	Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-REHAB/RECON	7 UNITS	\$335,500.00	11/10/2014	APPROVED	11/20/14	\$337,092.00		Michael		2/4/2015	YES
Warren Housing Authority--Administration		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-ADMIN							\$30,500.00	Michael	Committed	12/2/2014	N/A
Warren Housing Authority--Neeley, Shirley Ann (Collins)		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-RECON							\$90,000.00	Michael	Fully Funded	5/25/2016	YES
Warren Housing Authority--Thompson, Cornelius		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-RECON							\$90,000.00	Michael	Fully Funded	5/25/2016	YES
Warren Housing Authority--Marks, Willie L.		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-REHAB							\$26,592.00	Michael	Loan Closed	4/8/2015	YES
Warren Housing Authority--McCoy, Norma		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-REHAB							\$25,000.00	Michael	Fully Funded	7/6/2016	YES
Warren Housing Authority--Turner, Annetta & Wesley		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-REHAB							\$25,000.00	Michael	Fully Funded	11/13/2015	YES
Warren Housing Authority--Smith, Sherry		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-REHAB							\$25,000.00	Michael	Fully Funded	9/15/2015	YES
Warren Housing Authority--Wells, Maxine		Various sites/Warren, New Edinburg, Rison/Bradley, Cleveland Counties	HO-REHAB							\$25,000.00	Michael	Fully Funded	4/18/2016	YES
Chicot County	Mack Ball, Jr., 870-865-8015, chicotjudge@gm all.com	Various sites/Eudora/Chicot County	HO-REHAB/RECON	6 UNITS	\$519,487.20	2/9/2015	APPROVED	02/19/15	\$519,487.20		Michael		2/27/2015	YES
Chicot County--Administration		Various sites/Eudora/Chicot County	HO-ADMIN							\$49,081.20	Michael	Fully Funded	9/6/2016	YES
Chicot County--Butler, Doris		Various sites/Eudora/Chicot County	HO-RECON							\$90,000.00	Michael	Fully Funded	1/7/2016	YES
Chicot County--Hopes, Luell and Josephine		Various sites/Eudora/Chicot County	HO-RECON							\$90,000.00	Michael	Loan Closed	2/27/2015	YES
Chicot County--Johnson, Lesia & Robert		Various sites/Eudora/Chicot County	HO-RECON							\$90,000.00	Michael	Fully Funded	1/7/2016	YES
Chicot County--Smith, Elmyra		Various sites/Eudora/Chicot County	HO-RECON							\$90,000.00	Michael	Fully Funded	1/7/2016	YES
Chicot County--Thompson, Ramona A.		Various sites/Eudora/Chicot County	HO-RECON							\$90,000.00	Michael	Fully Funded	1/7/2016	YES
Chicot County--Kincade, Susan M.		Various sites/Eudora/Chicot County	HO-REHAB							\$20,406.00	Michael	Fully Funded	11/23/2015	YES
Central Arkansas Planning and Development District, Inc.	Sue Bryan, 501-676-2721, sue.bryan@capd d.org	Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-RECON	4 UNITS	\$393,800.00	2/9/2015	APPROVED	02/19/15	\$492,800.00		Michael		3/5/2015	YES
Central Arkansas Planning and Development District, Inc--Administration		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-ADMIN							\$35,800.00	Michael	Committed	3/5/2015	YES
Central Arkansas Planning and Development District, Inc--Administration		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-ADMIN							\$9,000.00	Michael	Board Approved	5/19/2016	YES
Central Arkansas Planning and Development District, Inc--Petty, Bobbie		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-RECON							\$89,500.00	Michael	Fully Funded	2/24/2016	YES
Central Arkansas Planning and Development District, Inc--Brewer, Jimmy & Carla		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-RECON							\$89,500.00	Michael	Fully Funded	2/17/2016	YES
Central Arkansas Planning and Development District, Inc--Williard, David & Sandra		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-RECON							\$89,500.00	Michael	Fully Funded	1/28/2016	YES
Central Arkansas Planning and Development District, Inc--Polk, Carrie		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-RECON							\$89,500.00	Michael	Loan Closed	5/1/2015	YES
Central Arkansas Planning and Development District, Inc--Artis, Essie B.		Various sites/Hazen, Clarendon, Coy, Scott/Prairie, Monroe, Lonoke Counties	HO-RECON			5/9/2016		05/19/16		\$90,000.00	Michael	Board Approved	5/19/2016	YES
Dallas County Phase II	Jimmy Jones, 870-352-5656, james.jones@ark ansas.gov	Various sites-Phase II/CarthageDallas County	HO-RECON	3 UNITS	\$297,000.00	5/11/2015	APPROVED	05/21/15	\$297,000.00		Michael		5/28/2015	YES
Dallas County Phase II--Administration		Various sites-Phase II/CarthageDallas County	HO-ADMIN							\$27,000.00	Michael	Committed	5/28/2015	N/A
Dallas County Phase II--Erby, Mary Louise		Various sites-Phase II/CarthageDallas County	HO-RECON							\$90,000.00	Michael	Fully Funded	7/19/2016	YES
Dallas County Phase II--Smith, Catherine		Various sites-Phase II/CarthageDallas County	HO-RECON							\$90,000.00	Michael	Fully Funded	7/19/2016	YES
Dallas County Phase II--Whitaker, Demetres		Various sites-Phase II/CarthageDallas County	HO-RECON							\$90,000.00	Michael	Loan Closed	6/1/2015	YES

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Crittenden County-Phase II	Woody Wheelless, 870-739-3200 or Barbara Erby, 501-247-8118	Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-RECON	5 UNITS	\$524,914.50	5/11/2015	APPROVED	05/21/15	\$524,914.50		Michael		6/10/2015	YES
Crittenden County-Phase II--Administration		Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-ADMIN							\$47,719.50	Michael	Committed	6/10/2015	N/A
Crittenden County-Phase II--Green, Rupert & Bessie replaces Brown, Ola B. & Oliver, Fredonia		Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-RECON							\$95,439.00	Michael	Loan Closed	3/29/2016	YES
Crittenden County-Phase II--Clark, Annie Ruth		Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-RECON							\$95,439.00	Michael	Fully Funded	10/24/2016	YES
Crittenden County-Phase II--Miller, Cora		Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-RECON							\$95,439.00	Michael	Fully Funded	10/24/2016	YES
Crittenden County-Phase II--Mlow, Cleola P.		Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-RECON							\$95,439.00	Michael	Fully Funded	8/10/2016	YES
Crittenden County-Phase II--Suggs, Janet		Various sites-Phase II/Proctor & West Memphis/Crittenden County	HO-RECON							\$95,439.00	Michael	Fully Funded	8/10/2016	YES
Eastern Arkansas Community Development Corp (EACODC)	Charles Eason, 870-732-3975, anthonyville2006@aol.com/Thir d Party Consulting, Inc., Barbara Erby, 501-247-8118, bapps42@hotmail.com	Various sites/Parkin/Cross County	HO-RECON	4 UNITS	\$396,000.00	7/6/2015	APPROVED	07/16/15	\$396,000.00		Michael		8/21/2015	YES
Eastern Arkansas Community Development Corp (EACODC)--Administration		Various sites/Parkin/Cross County	HO-ADMIN							\$36,000.00	Michael	Committed	8/21/2015	N/A
Eastern Arkansas Community Development Corp (EACODC)--Bailey, James & Carolyn		Various sites/Parkin/Cross County	HO-RECON							\$90,000.00	Michael	Fully Funded	8/10/2016	YES
Eastern Arkansas Community Development Corp (EACODC)--Collins, Edna		Various sites/Parkin/Cross County	HO-RECON							\$90,000.00	Michael	Committed	8/21/2015	YES
Eastern Arkansas Community Development Corp (EACODC)--Hinton, Edna-deceased-replacement needed		Various sites/Parkin/Cross County	HO-RECON							\$90,000.00	Michael	Committed	8/21/2015	YES
Eastern Arkansas Community Development Corp (EACODC)--Townsend, Rosetta Slaughter		Various sites/Parkin/Cross County	HO-RECON							\$90,000.00	Michael	Fully Funded	8/10/2016	YES
Drew Co. Public Facilities Board	Samantha Berry, 870-367-3973, dcpfb@sbcbglobal.net	DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-REHAB/RECON: MF HOME REPLACE	5 UNITS	\$280,353.00	11/9/2015 & 1/11/2016	APPROVED	11/19/2015 & 1/21/2016	\$280,353.00		Michael		2/10/2016	YES
Drew Co. Public Facilities Board--Administration		DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-ADMIN							\$25,353.00	Michael	Committed	2/10/2016	YES
Drew Co. Public Facilities Board--Bordeaux, Pattye F.		DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-REHAB							\$25,000.00	Michael	Loan Closed	3/22/2016	YES
Drew Co. Public Facilities Board--Forrest, Leroy and Joan		DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-REHAB							\$25,000.00	Michael	Loan Closed	3/22/2016	YES
Drew Co. Public Facilities Board--Thorne, Emma J.		DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-REHAB							\$25,000.00	Michael	Fully Funded	11/4/2016	YES
Drew Co. Public Facilities Board--Tatum, EC		DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-RECON							\$90,000.00	Michael	Loan Closed	3/23/2016	YES
Drew Co. Public Facilities Board--Block, Ervin		DCPFB - Phase I various sites-Monticello, Dumas-Drew and Desha Counties	HO-MF HOME REPLACE							\$90,000.00	Michael	Loan Closed	3/22/2016	YES

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Drew Co. Public Facilities Board	Samantha Berry, 870-367-3973, dcpfb@sbcglobal.net	DCPFB - Phase II various sites-Monticello-Drew County	HO-RECON	4 UNITS	\$396,000.00	1/11/2016	APPROVED	01/21/16	\$396,000.00		Michael		2/10/2016	YES
Drew Co. Public Facilities Board--Administration		DCPFB - Phase II various sites-Monticello-Drew County	HO-ADMIN							\$36,000.00	Michael	Committed	2/10/2016	YES
Drew Co. Public Facilities Board--Canada, Lee		DCPFB - Phase II various sites-Monticello-Drew County	HO-RECON							\$90,000.00	Michael	Fully Funded	11/4/2016	YES
Drew Co. Public Facilities Board--Porter, Jr., Arthur		DCPFB - Phase II various sites-Monticello-Drew County	HO-RECON							\$90,000.00	Michael	Fully Funded	11/4/2016	YES
Drew Co. Public Facilities Board-Daniels, Dorothy replaces Ridgell, Deloris		DCPFB - Phase II various sites-Monticello-Drew County	HO-RECON							\$90,000.00	Michael	Loan Closed	5/19/2016	YES
Drew Co. Public Facilities Board--Dodds, Harvey--replaces Rowlett, Lois		DCPFB - Phase II various sites-Monticello-Drew County	HO-RECON							\$90,000.00	Michael	Loan Closed	5/19/2016	YES
Eastern Arkansas Community Development Corp (EACODC)	Charles Eason, 870-732-3975, anthonyville2006@aol.com	various sites-West Memphis-Crittenden County	HO-RECON	5 UNITS	\$495,000.00	12/7/2015	APPROVED	12/17/15	\$495,000.00		Michael		12/17/2015	N/A
Eastern Arkansas Community Development Corp (EACODC)--Administration		various sites-West Memphis-Crittenden County	HO-ADMIN							\$45,000.00	Michael	Committed	12/28/2015	N/A
Eastern Arkansas Community Development Corp (EACODC)--Jones, Chevell & Marchell		various sites-West Memphis-Crittenden County	HO-RECON							\$90,000.00	Michael	Loan Closed	1/27/2016	YES
Eastern Arkansas Community Development Corp (EACODC)--Thomas, Evella		various sites-West Memphis-Crittenden County	HO-RECON							\$90,000.00	Michael	Loan Closed	1/27/2016	YES
Eastern Arkansas Community Development Corp (EACODC)--Turner, Izal		various sites-West Memphis-Crittenden County	HO-RECON							\$90,000.00	Michael	Fully Funded	10/24/2016	YES
Eastern Arkansas Community Development Corp (EACODC)--Thomas, Ruth		various sites-West Memphis-Crittenden County	HO-RECON							\$90,000.00	Michael	Fully Funded	10/24/2016	YES
Eastern Arkansas Community Development Corp (EACODC)--Yates, Ruthie		various sites-West Memphis-Crittenden County	HO-RECON							\$90,000.00	Michael	Fully Funded	8/25/2016	YES
City of Fordyce	John MacNichol, Mayor, 870-352-2198; Third Party Consulting, Barbara Erby; 501-247-8118; bapps42@hotmail.com	various sites/Fordyce/Dallas County	HO-RECON	4 UNITS	\$396,000.00	4/11/2016	APPROVED	04/21/16	\$396,000.00		Michael		4/29/2016	YES
City of Fordyce--Administration		various sites/Fordyce/Dallas County	HO-ADMIN							\$36,000.00	Michael	Committed	4/29/2016	YES
City of Fordyce--Blakley, Robert & Beatrice		various sites/Fordyce/Dallas County	HO-RECON							\$90,000.00	Michael	Loan Closed	9/9/2016	YES
City of Fordyce--Crain, Josephine		various sites/Fordyce/Dallas County	HO-RECON							\$90,000.00	Michael	Loan Closed	9/2/2016	YES
City of Fordyce--Rivers, James & Debra		various sites/Fordyce/Dallas County	HO-RECON							\$90,000.00	Michael	Committed	4/29/2016	YES
City of Fordyce--Berger, Balsha Walker		various sites/Fordyce/Dallas County	HO-RECON							\$90,000.00	Michael	Loan Closed	9/1/2016	YES
City of Magnolia	Mayor Parnell Vann, 870-234-1375, parnellvann2010@yahoo.com	various sites/Magnolia/Columbia County	HO-REHAB/RECON	5 UNITS	\$525,800.00		DENIED			\$0.00	Michael	Denied	10/10/2016	N/A
City of Bald Knob	Beth Calhoun, Mayor; 501-724-6371; Third Party Consulting, Barbara Erby; 501-247-8118; bapps42@hotmail.com	various sites/Bald Knob/White County	HO-RECON / MII REPLACEMENT	1 UNIT	\$99,000.00		DENIED			\$0.00	Michael	Denied	10/10/2016	N/A
Warren Housing Authority	Mike Jolley, 870-226-2600, warrenha@sbcglobal.net	Various sites/Warren/Bradley County	HO-RECON	4 UNITS	\$324,456.00		DENIED			\$0.00	Michael	Denied	10/10/2016	N/A
					\$9,384,073.28					\$6,021,965.90				

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<b>MULTI-FAMILY - NEW CONSTRUCTION AND REHAB APPLICATIONS:</b>														
MHA MH I, LP	Chris Akbari 832-841-5343 chris.akbari@itexgrp.com	Madison Heights Phase I/Little Rock/Pulaski County	ACQ-REHAB	5 HOME/140 UNITS	\$450,000.00		REVIEW			\$0.00	Allison	Application Received	10/10/2016	N/A
MHA MH II, LP	Chris Akbari 832-841-5343 chris.akbari@itexgrp.com	Madison Heights Phase II/Little Rock/Pulaski County	ACQ-REHAB	5 HOME/101 UNITS	\$450,000.00		REVIEW			\$0.00	Allison	Application Received	10/10/2016	N/A
MHA HAGM, LP	Chris Akbari 832-841-5343 chris.akbari@itexgrp.com	Homes at Granite Mountain/Little Rock/Pulaski County	ACQ-REHAB	5 HOME/52 UNITS	\$450,000.00		REVIEW			\$0.00	Allison	Application Received	10/10/2016	N/A
WM Housing Partners II, L.P.	Strategic Realty Developers Jim Petty (479) 262-6655	Barton Court II/West Memphis/Crittenden County	RR	5 HOME /57 TC UNITS	\$450,000.00	8/8/2016	APPROVED W/TC	08/18/16		\$450,000.00	Tax Credit	Board Approved	8/18/2016	N/A
Robindale East, LP	RichSmith Development, LLC Arby Smith (501) 758-0050	Robindale East/Blytheville/Mississippi County	ACQ-REHAB	5 HOME /55 TC UNITS	\$450,000.00	8/8/2016	APPROVED W/TC	08/18/16		\$450,000.00	Tax Credit	Board Approved	8/18/2016	N/A
Ashdown Partners, L.P.	Clifton E. Bates, 124 One Madison Plaza, Ste 1500, Madison, MS 39110-(601)321-7623	Ashdown Apartments/Ashdown/Little River County	ACQ/REHAB	5 HOME/56 UNITS	\$450,000.00	8/10/2015	APPROVED-W/TC	08/20/15		\$450,000.00	Tax Credit	Committed	2/19/2016	N/A
Rural Housing of Charleston, LP.	Derrick Hamilton, 119 N Robinson Ave, Ste 630, Oklahoma City, OK 73102 (405) 604-5074	Savannah Park Phase I & II/Charleston/Franklin County	ACQ/REHAB	5 HOME /52 TC UNITS	\$450,000.00	8/10/2015 & 1/11/2016	APPROVED-W/TC	8/20/2015 & 1/21/2016		\$450,000.00	Tax Credit	Committed	3/9/2016	N/A
Eudora Partners, LP	TCCM Development, LLC, Clifton Bates 601-321-7623	Chicot Apartments/Eudora/Chicot County	ACQ/REHAB	50 UNITS/ 5 HOME	\$450,000.00	7/7/2014	APPROVED-W/TC	07/17/14		\$450,000.00	Tax Credit	Loan Closed	4/8/2015	YES
Emerald Village at Hope, LP	RWL Properties, LLC Steve Perry 318-281-1974; Ed Wiles - Consultant	Emerald Village/Hope/Hempstead County	RNC	48 UNITS / 5 HOME	\$450,000.00	7/7/2014	APPROVED-W/TC	07/17/14		\$450,000.00	Tax Credit	Loan Closed	6/30/2015	YES
Marianna Partners II, LP	TCCM Development, LLC, Clifton Bates 601-321-7623	Foster Collier Gordon/Marianna/Lee County	ACQ/REHAB	36 UNITS / 5 HOME	\$450,000.00	7/7/2014	APPROVED-W/TC	07/17/14		\$450,000.00	Tax Credit	Loan Closed	10/1/2015	YES
Marianna Partners, LP	TCCM Development, LLC, Clifton Bates 601-321-7623	Hicky Garden/Marianna/Lee County	ACQ/REHAB	56 UNITS / 5 HOME	\$450,000.00	7/7/2014	APPROVED-W/TC	07/17/14		\$450,000.00	Tax Credit	Loan Closed	6/2/2015	YES
Hughes Villas LP II	Billy Bunn 870-246-6709	Hughes Villas II/Hughes/St. Francis County	ACQ/REHAB	21 UNITS / 9 HOME	\$250,000.00	7/7/2014	APPROVED-W/TC & FAF	07/17/14		\$250,000.00	Tax Credit	Loan Closed	3/24/2015	YES
Meadows at Forrest City, LP	RWL Properties, LLC Steve Perry 318-281-1974	Meadows/Forrest City/St. Francis County	RNC	48 UNITS / 5 HOME	\$450,000.00	7/7/2014	APPROVED-W/TC	07/17/14		\$450,000.00	Tax Credit	Loan Closed	10/30/2015	YES

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Arkadelphia Partners, L.P.	Clifton E. Bates, 124 One Madison Plaza, Ste 1500, Madison, MS 39110-(601)321-7623	Ross Apartments/Arkadelphia/Clark County	ACQ/REHAB	5 HOME /49 TC UNITS	\$450,000.00	8/10/2015	APPROVED-W/TC	08/20/15		\$450,000.00	Tax Credit	Loan Closed	3/15/2016	YES
Rogers Partners, L.P.	Clifton E. Bates, 124 One Madison Plaza, Ste 1500, Madison, MS 39110-(601)321-7623	Meadow Park/Rogers/Benton County	ACQ/REHAB	5 HOME /70 TC UNITS	\$450,000.00	8/10/2015	APPROVED-W/TC	08/20/15		\$450,000.00	Tax Credit	Loan Closed	3/15/2016	YES
Woodlake Apartments, L.P. II	Donald Jones, 1014 Center St, Lonoke, AR 72086 (501) 676 5131	Woodlake Apartments II/Lonoke/Lonoke County	ACQ/REHAB	9 HOME/24 TC UNITS	\$245,088.00	8/10/2015 & 1/11/2016	APPROVED-W/TC	8/20/2015 & 1/21/2016		\$245,088.00	Tax Credit	Loan Closed	6/15/2016	N/A
Emerald Village at Jonesboro, LP	Steve Perry, 109 E. Madison, Bastrop, LA 71220 (318) 281 1974	Emerald Village/Jonesboro/Craighead County	RNC	5 HOME /44 TC UNITS	\$250,000.00	8/10/2015	APPROVED-TC w/HOME & FAF	08/20/15		\$250,000.00	Tax Credit	Loan Closed	9/12/2016	N/A
Cedar Hill Apartments II, L.P.	Jason Spellings, 214 Key Dr., Ste 1000, Madison, MS 39110 (601) 906-4243	Cedar Hill II/Monticello/Drew County	ACQ/REHAB	5 HOME /60 TC UNITS	\$450,000.00	8/10/2015	APPROVED-w/TC	08/20/15		\$450,000.00	Tax Credit	Loan Closed	8/8/2016	N/A
Harmony Place, L.P.	Jason Spellings, 214 Key Dr., Ste 1000, Madison, MS 39110 (601) 906-4243	Harmony Place/Newport/Jackson County	ACQ/REHAB	5 HOME /70 TC UNITS	\$450,000.00	8/10/2015	APPROVED-w/TC	08/20/15		\$450,000.00	Tax Credit	Loan Closed	6/6/2016	YES
Delta Cove of Augusta, L.P.	Thomas E. Embach, 351 E. 4th St., Ste 2, Mountain Home, AR 72653 (870) 424-7460	Delta Cove Apartments/Augusta/Woodruff County	ACQ/REHAB	5 HOME/23 UNITS	\$88,219.00	8/10/2015 & 1/11/2016	APPROVED-W/TC	8/20/2015 & 1/21/2016		\$88,219.00	Tax Credit	Loan Closed	4/22/2016	YES
Hampton Cove of Calhoun, L.P.	Thomas E. Embach, 351 E. 4th St., Ste 2, Mountain Home, AR 72653 (870) 424-7460	Hampton Cove/Hampton/Calhoun County	ACQ/REHAB	5 HOME /24 TC UNITS	\$180,285.00	8/10/2015 & 1/11/2016	APPROVED-W/TC	8/20/2015 & 1/21/2016		\$180,285.00	Tax Credit	Loan Closed	4/22/2016	YES
Walnut Lane Sr. Citizens, L.P.	Thomas E. Embach, 351 E. 4th St., Ste 2, Mountain Home, AR 72653 (870) 424-7460	Walnut Lane/Cotter/Baxter County	ACQ/REHAB	5 HOME/24 TC UNITS	\$149,404.00	8/10/2015 & 1/11/2016	APPROVED-W/TC	8/20/2015 & 1/21/2016		\$149,404.00	Tax Credit	Loan Closed	3/17/2016	YES
15th Street Senior Apts, LP	Lelisure Homes Corporation Thomas J Embach (870) 424-7460	15th Street Senior Apts/Fayetteville/Washington County	RNC	5 HOME /40 TC UNITS	\$450,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Briarwood Estates at Pine Bluff, L.P.	ANC Development & Consulting Andrea Cooper (501) 213-6240	Briarwood Estates/Pine Bluff/Jefferson County	RNC	35 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A

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McCrary Partners, LP	Park-IAH Arkansas Development; Roma Isom (501) 221-2203; Clifton Bates (601)-321-7623	Chapel Oaks/McCrory/Woodruff County	ACQ-REHAB	60 TC UNITS	\$0.00	8/9/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Wynne Partners, LP	Park-IAH Arkansas Development; Roma Isom (501) 221-2203; Clifton Bates (601)-321-7623	Cliffridge/Wynne/Cross County	ACQ-REHAB	64 TC UNITS	\$0.00	8/9/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Colony Square I, LP	Garth Development LLC Robert Garth (501) 244-9777	Colony Square I/Springdale/Washington County	ACQ-REHAB	63 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Colony Square II, LP	Garth Development LLC Robert Garth (501) 244-9777	Colony Square II/Springdale/Washington County	ACQ-REHAB	55 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Dogwood Cottages II, LP	Dogwood Developer, LLC MRE Capital Investments; Tammi Creason (417) 224-3035	Dogwood Cottages II/Blytheville/Mississippi County	RNC	37 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
PDC Springdale LP	PDC Elizabeth Small (501) 666-9629	The Flats at 3190/Springdale/Washington County	RNC	40 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Rural Housing of DeWitt, LP	Rural Housing of Ashley Park, LP Shawn Smith (405) 604-5074	Garden Walk/DeWitt/Arkansas County	ACQ-REHAB	5 HOME /32 TC UNITS	\$400,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Gulpha Creek Senior Living, LP	S&B Development, LLC Brady Bradford (501) 812-6251; Carla Boseman, Consultant (501) 753-8496	Gulpha Creek Senior Living/Hot Springs/Garland County	RNC	38 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Larkspur Gardens, LP	White River Regional Housing; Darlene Wilson (870) 847-5273	Larkspur Gardens/Walnut Ridge/Lawrence County	ACQ-REHAB	30 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Madison Estates, LP	Billy Bunn (870) 246-6709	Madison Estates/Madison/St. Francis County	ACQ-REHAB	24 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Nantucket Apartments, LP	Laisure Homes Corporation Thomas Embach (870) 424-7460	Nantucket Apts/Fayetteville/Washington County	ACQ-REHAB	51 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Onyx at Forrest City, LP	Newcap Investment/Universal Housing; Adron Gilbert (501) 551-2708; Rick Pierce, Consultant (501) 944-5871	Onyx at Forrest City/Forrest City/St. Francis County	RNC	5 HOME /42 TC UNITS	\$450,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A

Home Applications Pipeline Report  
As of 11/07/2016

APPLICANT NAME	CONTACT	PROJECT NAME/CITY/COUNTY	TYPE OF CONSTRUCTION	# OF HOME UNITS / TENANTS	TOTAL REQUEST	FINAL REVIEW DATE	HRC STAFF RESULTS	BOARD REVIEW	HO-REHAB TOTAL of SUPPORTING PROJECTS	TOTAL APPROVED	PROGRAM OFFICER	PIPELINE STATUS	DATE OF STATUS	ER Complete Yes / No
Onyx at West Memphis, LP	Newcap Investment/Universal Housing; Adron Gilbert (501) 551-2709; Rick Pierce, Consultant (501) 944-5871	Onyx at West Memphis/West Memphis/Crittenden County	RNC	5 HOME / 35 TC UNITS	\$450,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Park at Cedar Ridge, LP	S&B Development, LLC Brady Bradford (501) 812-6251; Carla Boseman, Consultant (501) 753-8496	Park at Cedar Ridge/Batesville/Independence County	RNC	38 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
LRC-Vance, LP	BSR Trust Management, LLC; Nathan McMullin (334) 954-4458	Residences at Pettaway/Little Rock/Pulaski County	RR	61 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Arkansas Affordable One, LP	Arkansas Multifamily Dev LLC; Brian Stadler, (989)790-9120; Brian Parent, Consultant (904) 279-0131	Riverside/Russellville/Pope County	RNC	44 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Riverwood Village, LP	RichSmith Development, LLC Arby Smith (501) 758-0050	Riverwood Village/Russellville/Pope County	ACQ-REHAB	71 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Russell Pines, LP	F&J Ventures/Pointe Royale; Skip Motesenbocker, (417) 447-6303; Carla Boseman, Consultant (501) 753-8496	Russell Pines/Russellville/Pope County	RNC	38 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Shiloh Springs, LP	F&J Ventures/Pointe Royale; Skip Motesenbocker, (417) 447-6303; Carla Boseman, Consultant (501) 753-8496	Shiloh Springs/Springdale/Washington County	RNC	38 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Southeast Apartments AR, LP	Millennia Housing Development; Mark Cleplel, 8111 Rockside Rd, Ste 200, Valley View, OH 44125; Rick Pierce, Consultant (501) 944-5871	Southeast Apts/Pine Bluff/Jefferson County	ACQ-REHAB	100 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A

Home Applications Pipeline Report  
As of 11/07/2016

APPLICANT NAME	CONTACT	PROJECT NAME/CITY/COUNTY	TYPE OF CONSTRUCTION	# OF HOME UNITS / TENANTS	TOTAL REQUEST	FINAL REVIEW DATE	HRC STAFF RESULTS	BOARD REVIEW	HO-REHAB TOTAL of SUPPORTING PROJECTS	TOTAL APPROVED	PROGRAM OFFICER	PIPELINE STATUS	DATE OF STATUS	ER Complete Yes / No
Stuttgart Properties, LP	HughesSpellings, LLC; Jason Spellings (601) 906-4243; Carla Boseman, Consultant (501) 753-8496	Stuttgart Apartments I/Stuttgart/Arkansas County	ACQ-REHAB	56 TC UNITS	\$0.00	8/9/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Stuttgart Properties II, LP	HughesSpellings, LLC; Jason Spellings (601) 906-4243; Carla Boseman, Consultant (501) 753-8496	Stuttgart Apartments II/Stuttgart/Arkansas County	ACQ-REHAB	56 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Valley Apts of McGehee, LP	Leisure Homes Corporation Thomas   Embach (870) 424-7460	Valley Apts/McGehee/Desha County	ACQ-REHAB	26 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Valley View Apartments, LLC	Northwest Regional Hsg Dev Corp Ken McDowell (870) 741-5522	Valley View/Jasper/Newton County	ACQ-REHAB	1 HOME /22 TC UNITS	\$100,000.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Village at Spring Creek, LP	S&B Development, LLC Brady Bradford (501) 812-6251; Carla Boseman, Consultant (501) 753-8496	Village at Spring Creek/Springdale/Washington County	RNC	38 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Village Creek Newport, LP	PDC Elizabeth Small (501) 666-9629	Village Creek/Newport/Jackson County	ACQ-REHAB	32 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
PDC Walnut Square, LP	PDC Elizabeth Small (501) 666-9629	Walnut Square/Walnut Ridge/Lawrence	ACQ-REHAB	24 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
White River II, LP	LHP-Buford Development; Tom Buford, 39 Dogwood Ridge, Eureka Springs, AR 72632; Jeff Van Patten, Consultant (501) 791-9400	White River Apartments Phase II/Diaz/Jackson County	ACQ-REHAB	64 TC UNITS	\$0.00	8/8/2016	APPROVED TC Only	08/18/16		\$0.00	Tax Credit	Other Funding Sources-no HOME	8/18/2016	N/A
Woodridge Estates, LP	ANC Development & Consulting Andrea Cooper (501) 213-6240	Woodridge Estates/Fort Smith/Sebastian County	RNC DETACHED	35 TC UNITS	\$0.00		DENIED-NOT RECOMMENDED			\$0.00	Tax Credit	Denied	8/8/2016	N/A
Fred Parris Towers, LLC	Gorman & Company, Inc.	Fred W. Parris Towers/Little Rock/Pulaski County	ACQ/REHAB	5 HOME /250 UNITS	\$0.00	9/5/2016	APPROVED-FAF and MSF W/BOND ISSUE	09/15/16		\$0.00	Allison	Other Funding Sources-no HOME	9/15/2016	N/A
Cumberland Towers, LLC	Gorman & Company, Inc.	Cumberland Towers/Little Rock/Pulaski County	ACQ/REHAB	5 HOME /178 UNITS	\$0.00	9/5/2016	APPROVED-FAF and MSF W/BOND ISSUE	09/15/16		\$0.00	Allison	Other Funding Sources-no HOME	9/15/2016	N/A
Jesse Powell Towers, LLC	Gorman & Company, Inc.	Jesse Powell Towers/Little Rock/Pulaski County	ACQ/REHAB	5 HOME /169 UNITS	\$0.00	9/5/2016	APPROVED-FAF and MSF W/BOND ISSUE	09/15/16		\$0.00	Allison	Other Funding Sources-no HOME	9/15/2016	N/A
The Mansion at Mill Creek LLC	Leisure Homes Corporation Thomas   Embach (870) 424-7460	Mansion at Creek Patio Homes/Springdale/Washington County	RNC DETACHED	7 UNITS HOME/80 UNITS	\$630,000.00		DENIED			\$0.00	Allison	Denied	9/16/2016	N/A
MULTI-FAMILY - NEW CONSTRUCTION AND REHAB APPLICATIONS: Total					\$10,842,996.00					\$7,012,996.00				

Home Applications Pipeline Report  
As of 11/07/2016

APPLICANT NAME	CONTACT	PROJECT NAME/CITY/COUNTY	TYPE OF CONSTRUCTION	# OF HOME UNITS / TENANTS	TOTAL REQUEST	FINAL REVIEW DATE	HRC STAFF RESULTS	BOARD REVIEW	HO-REHAB TOTAL of SUPPORTING PROJECTS	TOTAL APPROVED	PROGRAM OFFICER	PIPELINE STATUS	DATE OF STATUS	ER Complete Yes / No
<b>TBRA APPLICATIONS:</b>														
Bradley Housing Authority	Mollye McCalman, 870-894-3554, mollyeconway@yahoo.com	Bradley Housing Authority/Lafayette County	TBRA	22 TENANTS	\$97,416.00	11/5/2012	APPROVED	11/15/12		\$97,416.00	Michael	Committed	12/3/2012	N/A
Pathfinder, Inc.	Mike McCreight, 501-982-0528, mmcright@pathfinderinc.org	Pathfinder, Inc./Pulaski County	TBRA	17 TENANTS	\$134,095.20	6/10/2013	APPROVED	06/20/13		\$134,095.20	Michael	Committed	6/24/2013	N/A
Life Styles, Inc.	Dottie Hattal, 479-521-3581	LifeStyles, Inc./Washington & Benton Counties	TBRA	20 TENANTS	\$65,120.00	3/10/2014	APPROVED	02/20/14		\$65,120.00	Michael	Committed	3/5/2014	N/A
Northwest Regional Housing Authority	Ken McDowell, 870-741-5522	Northwest Regional Housing Authority/Baxter, Boone, Carroll, Madison, Marion, Newton, Searcy Counties	TBRA	91 TENANTS	\$223,704.00	12/9/2013	APPROVED	12/19/13		\$223,704.00	Michael	Committed	1/6/2014	N/A
Spa Area Independent Living Services, Inc.	Brenda Stinebuck, 501-624-7710, bstinebuck@arsalls.org	Spa Area Living Independent Living Services, Inc/Garland Saline and Hot Spring Counties	TBRA	31 TENANTS	\$225,000.00	7/7/2014	APPROVED	07/17/14		\$225,000.00	Michael	Committed	7/17/2014	N/A
Pulaski County Community Services	Shonda McElwee, 501-340-6157, smcElwee@pulaskicounty.net	Pulaski County Community Services/Pulaski County	TBRA	37 TENANTS	\$221,556.00	2/9/2015	APPROVED	02/19/15		\$221,556.00	Michael	Committed	4/6/2015	N/A
White River Regional Housing Authority (Region 1)	Katy Blevins, 870-368-5200, kblevins@wrrha.com	White River Regional Housing Authority - Region 1/Ash Flat, Melbourne, Van Buren/Cleburne, Van Buren, Izard, Sharp, Stone Counties	TBRA	65 TENANTS	\$225,000.00	10/5/2015	APPROVED	10/15/15		\$225,000.00	Michael	Committed	11/10/2015	N/A
White River Regional Housing Authority (Region 2)	Katy Blevins, 870-368-5200, kblevins@wrrha.com	White River Regional Housing Authority - Region 2/Augusta, Bradford, Swifton, Tuckerman, Newport, McCrory/Independence, White, Jackson, Woodruff Counties	TBRA	60 TENANTS	\$225,000.00	10/5/2015	APPROVED	10/15/15		\$225,000.00	Michael	Committed	11/10/2015	N/A
LifeStyles, Inc	Dottie Hattal-479-521-3581	LifeStyles, Inc./Washington & Benton Counties	TBRA	20 TENANTS	\$72,784.00	1/11/2016	APPROVED			\$72,784.00	Michael	Committed	1/29/2016	N/A
Little Rock Housing Authority DBA Metropolitan Housing Alliance	Jeanie Owens, 501-413-9585 or 501-340-4821	Metropolitan Housing Alliance/Pulaski County	TBRA	180 TENANTS	\$522,720.00	7/8/2016	APPROVED	07/18/16		\$522,720.00	Martha	Committed	7/27/2016	N/A
<b>TBRA APPLICATIONS: Total</b>					<b>\$2,012,395.20</b>					<b>\$2,012,395.20</b>				
<b>Grand Total</b>					<b>\$28,782,464.48</b>					<b>\$18,170,357.10</b>				

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: November 7, 2016

Prepared by: Lornea A. Wells

**HOUSING PARTNER**

<b>Name of Entity:</b>	Zimmerman Properties and Wilhoit Properties
<b>Address of Entity:</b>	173 E. Republic Road, Suite F Springdale, MO 65804
<b>Contact Person:</b>	Kathy Rieken
<b>Phone:</b>	417-890-3224
<b>Email Address:</b>	krieken@wilhoitproperties.com

**DEVELOPMENT INFORMATION**

<b>Name of Development:</b>	Caraway Commons ("Development") Jonesboro, Arkansas
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**ACTION REQUESTED**

Requests approval for Apple Court North, LLC (Michael B. Wilhoit, principal) and Caraway Commons Investors, LLC (Vaughn C. Zimmerman, principal) ("Buyer") to purchase the interest in the partnership, land, buildings and all improvements from Jonesboro-Ridgetop 1998, L.P ("Seller").

Requests approval for Wilhoit Properties, Inc. to replace LEDIC as the management company.

**BACKGROUND INFORMATION**

- The Development was allocated housing tax credits and issued multifamily housing bonds in 1999. The Seller intends to pay off the bonds at the closing scheduled for December 7, 2016.
- LEDIC is the current management company.
- All parties involved have provided ADFA with the required documentation.
- The change fee of \$500 has been received.
- The Development is in compliance.

**FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE**

**Approval recommended.**

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: November 7, 2016

Prepared by: Lornea A. Wells

**HOUSING PARTNER**

**Name of Entity:** Bentonville Commons 2000, L.P.  
**Address of Entity:** c/o Juniper Investment Group  
1001 West Loop South, Suite 625  
Houston, TX 77027

**Contact Person:** Sharon Lawrence  
**Phone:** 832-538-0117  
**Email Address:** Sharon@juniperinvestmentgroup.com

**DEVELOPMENT INFORMATION**

**Name of Development:** Bentonville Commons Apartments ("Development")  
1000 SE Falcon Lane  
Bentonville, Arkansas

**ACTION REQUESTED**

Approval for Southern Oaks Bentonville, LLC to purchase the interest in the partnership, land, buildings and all improvements from Bentonville Commons 2000, L.P.

Approval for Juniper Residential Management Group, LLC d/b/a First Choice Management Group to act as the management company.

**BACKGROUND INFORMATION**

- The Development was allocated tax credits and issued multifamily housing bonds in 2005. The entity intends to pay off the bonds at closing scheduled for November 30, 2016.
- All parties involved have provided ADFA with the required documentation.
- A change fee of \$500 has been received.
- The Development is in compliance.

**FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE**

**Approval recommended.**

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: November 7, 2016

Prepared by: Lornea A. Wells

**HOUSING PARTNER**

**Name of Entity:** West Memphis Meadows 1998 Apartments, L.P.  
**Address of Entity:** c/o Peak Capital Partners  
4956 North 300 West  
Provo, UT 84604

**Contact Person:** Jake Murray  
**Phone:** 801-851-1852  
**Email Address:** jmurray@peakcapitalpartners.com

**DEVELOPMENT INFORMATION**

**Name of Development:** Meadows at West Memphis (the "Development")  
1101 South Avalon Road  
West Memphis, Arkansas

**ACTION REQUESTED**

Approval for PC Meadows, LLC to purchase the interest in the partnership, land, buildings and all improvements from West Memphis Meadows 1998 Apartments, L.P. Approval for Peak Living to act as the management company.

**BACKGROUND INFORMATION**

- Meadows at West Memphis was awarded LIHTC in the amount of \$285,804 in 2005. It has no ADFA loans on it.
- The development was also awarded housing bonds. They intend to payoff the bonds at closing which is schedule for November 30, 2016.
- LEDIC is the current management company.
- The Seller, the Buyers and management company have provided ADFA with all required documentation.
- 
- The change fee of \$500 has been received.
- The development is in compliance.

**FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE**

**Approval recommended.**

# STAFF HOUSING REVIEW COMMITTEE ACTION MEMORANDUM

Staff HRC Meeting: November 7, 2016

Prepared by: Susan Gardner

## HOUSING PARTNER

<b>Name of Entity:</b>	El Dorado Housing Associates I, II & III LP	
<b>Address of Entity:</b>	4111 Massard Road Fort Smith, AR 72903	
<b>Contact Person:</b>	Dawn Cook	
<b>Phone/Fax:</b>	Phone: 479-452-9950	Fax:
<b>Email Address:</b>	Email: dcook@erc.com	

## DEVELOPMENT INFORMATION

<b>Name of Development:</b>	Chapel Ridge of El Dorado I
<b>Development Address:</b>	Chapel Ridge of El Dorado II Brookstone Park of El Dorado

## ACTION REQUESTED

Dawn Cook, Vice President of ERC Properties, Inc., is requesting approval to change the management company from Pinnacle Management Company to Price Edwards & Company.

## BACKGROUND INFORMATION

- ERC Properties is consolidating all their properties under one management company umbrella.
- Chapel Ridge of El Dorado I received tax credits in 1998.
- Chapel Ridge of El Dorado II received HOME funds and tax credits in 2000.
- Brookstone Park of El Dorado was allocated HOME funds and tax credits in 2003.
- The developments are currently in compliance. The HOME loans are current.
- A change fee of \$500 has been received.

## FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE

Recommends approval.

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: November 7, 2016

Prepared by: Murray Harding

**ADFA HOMEOWNERSHIP PROGRAM  
ACTION REQUESTED**

Request approval to exchange \$290,645,000 in ADFA's 2013 Single Family Housing Private Activity Volume Cap to establish the 2016 Mortgage Credit Certificate Program.

**BACKGROUND INFORMATION**

Section 25 of the Internal Revenue Code permits qualified mortgage bond issuers, like ADFA, to exchange volume cap in order to establish a Mortgage Credit Certificates ("MCCs").

The MCC Program is a first-time homebuyer program that allows qualified borrowers to be eligible for a federal income tax credit of up to \$2,000 each year as long as the home is used as the principal residence of the borrower.

Specifically, this is a request to exchange \$290,645,000 of 2013 volume cap from the 2013 Single Family Housing Carryforward to establish the 2016 Mortgage Credit Certificate Program.

The Code limits the carryforward of unused volume cap to three years; therefore, if not used to create the 2016 Mortgage Credit Certificate Program, the 2013 Single Family Housing volume cap carryforward, in the amount of \$290,645,000, **will be extinguished.**

The advantages to ADFA for offering the 2016 MCC Program are:

- Allows ADFA to offer a first-time-homebuyer program for low-to-moderate income Arkansans in addition to the other homeownership loan program;
- Provides for utilization of ADFA's unused volume cap; and
- Generates income through fees for ADFA.

To qualify for the MCC the Borrower's must meet the following compliance guidelines:

- Borrower's must be first-time-homebuyers (except in targeted counties);
- Household income must be within the published program limits; and
- Home purchase price can't exceed \$250,000.

Highlights of the proposed 2016 MCC Program are on the following page.

(Continued)

**FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE**

Staff recommends approval.

## 2016 MCC Program Highlights

### **Program Size**

\$290,645,000 million in Volume Cap equates to \$72,661,250 million in MCCs

Lenders can originate \$145,322,500 million in first mortgage loans.

### **MCC Tax Credit Rate = 50%**

The amount of interest paid annually as reflected on the 1098 received from the mortgage servicer multiplied by the MCC Tax Credit Rate of 50% equals the MCC benefit for that calendar year.

### **Duration of the Program**

The 2016 Arkansas Mortgage Credit Certificate Program will continue until:

- The funds allocated to the program have been exhausted; or
- December 31, 2018

### **Eligible Types of Loans**

Loans that are eligible to have an MCC attached in this program must be fixed rate and fully amortizing.

### **Program Income**

If the 2016 MCC Program is fully allocated, it could generate approximately \$700,000 in program income for the Authority.

### **Allowable Fees**

- Reservation Fee: \$25.00
- Issuance Fee: .50% of the loan amount paid to ADFA
- Lenders may charge up to \$150.00 per MCC transaction.

### Sample MCC Calculation

Amount of First Mortgage	\$150,000
Interest Rate	<u>x 3.25%</u>
First Year Interest Paid	\$4,875.00
MCC Tax Credit Rate	<u>x .50%</u>
Reduced Federal Tax Liability	\$2,437.50
Estimated Borrower Annual Benefit in Year 1	\$2,000.00

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
2017 WORKING DRAFT  
GUIDELINES FOR MULTIFAMILY HOUSING APPLICATION**

**INTRODUCTION AND PURPOSE**

The Multifamily Housing Application ("Application" or "MFHA") can be used for multiple housing funding sources available from Arkansas Development Finance Authority ("ADFA" or the "Authority"). However the primary use is for developments applying for the Low Income Housing Tax Credit ("LIHTC" or "Housing Credit").

The Housing Credit program encourages and promotes investment in affordable rental housing for low-income households. Through these investments, the number of housing units is increased and the quality of existing housing units is significantly upgraded in Arkansas. As a true public-private partnership, the award and deployment of credit is based on ability to complete housing on time and on budget and ensures professional management for the life of the development.

ADFA is charged by the Federal Government and the State of Arkansas with the responsibility of administering the federal housing credits and the state housing credits for the State of Arkansas (the "State"). The Tax Reform Act of 1986 created the Housing Credit to encourage the private sector to invest in the construction and rehabilitation of rental housing for low and moderate-income individuals and families ("IRC Section 42"). The Revenue Reconciliation Act of 1989 amended IRC Section 42(m) that requires allocating agencies, such as ADFA, to allocate the housing credit according to IRC Section 42 and local needs and priorities. As such, the Housing Credit program is based on Federal regulations which supersede State regulations unless Federal Law provides ADFA the discretion to choose otherwise. As stated in the State of Arkansas's Qualified Allocation Plan ("QAP"), the MFHA Guidelines below set forth details and regulations beyond those listed in the QAP.

Because the Housing Credit is such an important limited resource under ADFA's stewardship, it is paramount that only the best and most qualified developments meeting selection criteria in the QAP and Multifamily Guidelines are awarded LIHTC. Only applications that are "shovel ready" and able to close in a relatively short time frame will be recommended for Housing Credits.

It is ADFA's intent to work proactively in a transparent and positive manner with developers and applicants in a public-private partnership that ultimately creates the best and most cost-effective housing for low-income households in Arkansas. ADFA will endeavor to fully deploy the annual allocation of the Arkansas Housing Credits to the most qualified developments.

**I. APPLICATION DEFINITIONS, PROCEDURES, REQUIREMENTS, AND REVIEW.**

**A. DEFINITIONS.**

**"Application" or "MFHA"** means a MS Excel file of the application and all attachments and Adobe.PDF scanned version of the paper application and all attachments that ADFA will use interchangeably in reviewing, underwriting and scoring.

**"Application Deadline"** means 4:30 P.M. on the 1st Monday in April.

**"Application Requirement(s)"** means the items listed in Section I(C) of the Guidelines that must be included in a MFHA by the Application Deadline to be considered a complete application.

**"Assisted Living Housing"** means a combination of housing, supportive services, personalized assistance and health care designed to respond to the individual needs of those who need help with activities of daily living, in a way that promotes maximum independence for each resident. Supportive services are available 24 hours per day to meet scheduled and unscheduled needs of each resident. An

Assisted Living development applicant shall comply with all state and federal regulations for assisted living developments. Assisted Living development applicants will be required to submit an approved Certificate of Need or Permit of Approval from the State of Arkansas with their application.

**“DCR” or Debt Coverage Ratio** is defined as the ratio of a development’s net operating income (rental income less operating expenses and reserve payments) to total debt service obligations.

**“Development Team”** means the applicant, developer, consultant, contractor, architect, accountant, and attorney.

**“Disability”** which according to Federal law (Department of Housing and Urban Development) is defined as a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such impairment." In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation that substantially limit one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

**“Review and Response Period”** means the Period after ADFA staff have underwritten applications and notified all applicants of any outstanding deficiencies. Applicants will have ten (10) business days from electronic notification to contact staff, clarify and/or provide explanatory documentation.

**“Financial Feasibility”** is an Application Requirement consisting of the following criteria by which an Application will be underwritten and determined to be feasible: adequate reserve funding, fifteen year pro-forma based on reasonable expenses and operating increases; developer fee standard; general contractor requirements; utilization of current per unit cost caps and meeting a minimum debt coverage ratio.

**“Green Space”** is defined as an open area of land or body of water that is protected through conservation or preservation for the sake of recreational, ecological, environmental, aesthetic, or agricultural interests.

**“Housing Credit”** means Low Income Housing Tax Credit (“LIHTC”). It is a Federal allocation to States of tax credits that are tied to a per capita amount set by Congress. The LIHTC program is governed by the IRS per Section 42 of the IRC.

**“Multifamily Housing Application Guidelines” or “Guidelines”** means these instructions and scoring criteria set forth below and to be considered part of the Multifamily Housing Application.

**“Qualified Allocation Plan” or “QAP”** is a public document that states ADFA’s role in administering the Low Income Housing Tax Credit under IRC Section 42. The document sets priorities and criteria for using the credit along with these Multifamily Housing Guidelines.

**“Rural Area”** is:

- a. Open country which is not part of or associated with an urban area.
- b. Any town, village, city, or place including the immediately adjacent densely settled area, which is not part of or associated with an urban area and which:
  - (i) has a population not in excess of 10,000 if it is rural in character, or
  - (ii) has a population in excess of 10,000 but not in excess of 20,000 and is not contained within a Metropolitan Statistical Area, and has a serious lack of mortgage credit for low and moderate income households as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development.

**“Scattered site”** means development that is any low income housing development whose buildings are at least 2000 feet away from each other. The development shall be so treated if all of the units in each

building in the development are designated low income housing units and all of the buildings in the development are located within one jurisdiction (*i.e. city or county*) with the same highest elected official.

**“Supportive (Disabled) Housing”** is housing intended for the use of persons with a disability as defined by federal law, which contains all the physical design, construction, and on-site service provision components adequate to meet the needs of the disabled population targeted. Any market study submitted in support of an application for housing intended for the use of persons with disabilities shall address the housing needs of the targeted disabled population in the primary market area. The applicant shall also include a marketing plan designed to reach the targeted disabled population for which the proposed housing is to be developed. The applicant must submit its statement that the supportive services offered to the disabled population served will be optional as defined in 26 C.F.R § 1.42-11(b).

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**B. APPLICATION PROCESS FOR COMPETITIVE ALLOCATION.**

The closing deadline for submitting the Arkansas Development Finance Authority the Multifamily Housing Application (“MFHA”) for the Low Income Housing Credit Cycle is as follows:

**APPLICATION DEADLINE IS 4:30 P.M.,  
THE FIRST MONDAY OF APRIL  
 (“Application Deadline”)**

The applicant must use ADFA’s MFHA, which is available on ADFA’s website. An Adobe.PDF copy of the application and all attachments and exhibits appropriately bookmarked must be delivered to ADFA no later than 4:30 p.m., on the Application Deadline. Two (2) items comprise the Application and are required on or before Application Deadline in order to be considered. If any of the following Application pieces are missing by the Deadline the application will be rejected:

- 1) The applicant must electronically submit by the Application Deadline their MFHA as a saved MS Excel file, in the same format as the ADFA MFHA is posted, via email to:

**“Multifamily.Housing@adfa.arkansas.gov”**

- 2) The applicant shall submit an Adobe.PDF copy of the application and all exhibits, bookmarked to ADFA on a compact disk on or before Application Deadline.

Applications are scored based solely upon that information and documentation submitted in and with the application by the Application Deadline.

If ADFA has questions or needs clarifications on any submitted documentation, ADFA will contact Applicant via email. If contacted by ADFA, the Applicant must respond within **ten (10) business days** or the application will be rejected. Any additional information provided by the Applicant to ADFA must be satisfactory to ADFA. A list of all ADFA requirements and explanations are provided herein.

The applicant’s response during the Review and Response Period must be electronically transmitted unless otherwise stated. **If ADFA determines applicants failed to meet the Application Requirements after the Review and Response Period, the applicant will be notified and the application will be rejected and neither underwritten nor scored.**

If ADFA has questions or needs clarification regarding discrepancies or documentation in an application when underwriting, ADFA will contact applicant prior to the end of the Review and Response Period on an as-needed basis.

**NOTE: If any Application Requirements are marked “N/A” on the application, the respective tab insert must provide the reason said item is not applicable.**

During the Review and Response Period, the applicant may provide ADFA staff regarding any information or documentation requested by ADFA staff. During the Score Notification Period, the applicant will have an opportunity to submit electronically written comment on what the applicant considers a discrepancy in the score awarded by ADFA from the Scoring Criteria (Section II.A) based upon the application and the information and documentation submitted by the Application Deadline.

**Dates For Review of Applications and Reservation Process**

<p><u>Application Deadline</u></p>	<p>First Monday of April – 4:30 p.m.</p>
<p><u>Review and Response Period</u>          Applications will be reviewed for all required documentation listed in Guidelines. Any applicant notified by ADFA between application submission and the end of the Review and Response Period of items that require explanation or clarification will have ten (10) business days to respond.</p> <p><b>Applicants will be allowed the full 10 (ten) business days to respond if that time period extends past the Review and Response Period Deadline.</b></p>	<p>Ends on the Last Friday of June—4:30 p.m.</p>
<p><u>Scoring Notification</u>          Applicant notified of application score. Any applicant who failed to meet the Minimum Score or submit all Application Requirements will be notified.</p>	<p>First Friday of July—4:30 p.m.</p>
<p><u>Scoring Response Period</u>          Applicant may provide ADFA with a response to the application score.</p> <p><b>Applicant will be notified within ten (10) business days of the Scoring Response Period ONLY if there is a change in an application's score.</b></p>	<p>Second Friday of July – 4:30 p.m.</p>
<p>Successful applicants approved for reservation of Housing Credits by ADFA Board of Directors</p>	<p>Third Thursday of August</p>
<p>Reservation letters mailed to successful applicants</p>	<p>Last Friday of August</p>

**ADFA may modify at its sole discretion the dates set forth above if necessary. All such changes shall be posted on the ADFA website, under Publications and Forms, Multifamily, or other highly visible location on the ADFA website.**

### C. REQUIREMENTS FOR A COMPLETE APPLICATION

The following Application Requirements (the "Requirements") must be submitted by the Application Deadline. Failure to submit these Requirements as set forth herein by the Application Deadline will terminate the application from consideration for federal low income housing tax credits, and no score will be provided.

1. **Application Fee.** The application fee check, in the correct amount as set forth herein, should be made payable to "Arkansas Development Finance Authority."

2. **Financial Commitment Letters.** All sources of financial commitments, including but not limited to the following, as applicable:

a. Commitment letter from permanent finance lender with which the applicant has submitted an application for financing. The letter shall be dated within six (6) months prior to the Application Deadline and state that a formal application for permanent financing is under serious consideration. The letter must contain:

- (i) the amount of the loan;
- (ii) amortization period;
- (iii) annual loan payment; and
- (iv) interest rate.

b. A commitment letter, dated within six (6) months prior to the Application Deadline, from any syndicator or investor purchasing the Housing Credits, State Housing Credits, or Affordable Neighborhood Housing Tax Credits which will be utilized as a source of funds for the development.

(i) Because of the limited quantity of State Housing Credits and/or Affordable Neighborhood Housing Tax Credits, any applicant requesting either credit must provide alternate financing.

(ii) The financing commitment letter for requested federal housing credits must include at a minimum the following information:

- (a) Price per credit;
- (b) Amount of credits to be acquired;
- (c) Total amount of equity to be paid in to the development and the proposed schedule of equity payments;
- (d) Amount of rehabilitation expenditures per unit required by investor or syndicator, if proposed development is seeking rehabilitation credits;
- (e) Debt coverage ratio required; and
- (f) Reserve amount required.

Applications must evidence compliance with the investor's requirements, if stricter than ADFA's requirement.

c. A commitment letter dated within six (6) months prior to the Application Deadline, from any other sources providing funding for the development including, but not limited to:

- (i) USDA Rural Development, including RD Form 3560-7;
- (ii) HUD;
- (iii) Project Reserves;
- (iv) Deferred Developer Fee;

- (v) Owner Equity; and
- (vi) Participating Jurisdiction

ADFA reserves the right to contact Applicant regarding the financial commitments and to accept, **only upon ADFA's request**, supplemental or revised financial commitments.

**3. Appraisal.** For all applications for new construction, a certified land appraisal must be submitted with the application dated within one (1) year prior to the Application Deadline.

For all acquisition and rehabilitation applications, and all rehabilitation applications, applicant must submit an appraisal, dated within one (1) year prior to the Application Deadline, which supports the purchase price of the development.

- a. The appraisal must separately identify the appraised value for the buildings in the development and the value of the land.
- b. If the appraised value of the buildings is enhanced due to a federal rental subsidy attached to the buildings, the appraisal must separately identify the value of the federal rental subsidy.

In order to receive credit for the federal rental subsidy, the applicant will be required to submit a commitment letter from the federal agency stating the federal rental subsidy has been awarded to the applicant.

***The purchase price must be equal to or less than the appraised value of the land and buildings.***

**4. Site Control Information.** The applicant must have site control. Evidence of site control in **one** of the following forms shall be included:

- i. Executed purchase option contract; or
- ii. Executed long-term land lease or option on a long-term 99 year lease; or
- iii. Evidence of executed assignment and assumption agreement with executed purchase option agreement, contract or land lease agreement attached.

a. The Option, Contract or Agreement must be in the name of an existing entity or person that is in a position of control over the applicant. The Option, Contract, or Agreement must indicate that the existing entity or person is in a position of control over applicant, and that such entity or person has the exclusive right to purchase or lease the property for a period not to expire prior to **December 6 of the year of MFHA**. ***The option or contract cannot be subject to extension fees in order for contract to reach required expiration date.***

**NOTE: If one of the above applies, the applicant must also submit a copy of the recorded deed evidencing the Seller's or Lessor's ownership if site control is evidenced by any of the above.**

b. Verification of Arm's-Length Transactions included in Tab 6 will be signed statement from Applicant verifying this is an Arm's-Length Agreement. **A statement in the market study or appraisal asserting the property value is based on an arm's length agreement WILL NOT suffice.** If the seller of land or buildings included in the application is an entity, applicant must obtain knowledge of and disclose the identity of all members, partners, or shareholders of the entity. Applicant is responsible for obtaining the consent of the seller entity to disclose this information in the application for housing tax credits.

For all acquisition/rehabilitation developments, the application shall include documentation for each building claiming acquisition credits that:

- i. Satisfies the "purchase requirement" of *IRC Section 42(d)(2)(B)(i)* (submission of Purchase Option, Contract, or Agreement);
  - ii. Provides the seller's certification that the 10-year hold rule in *IRC Section 42(d)(2)(B)(ii)* has been satisfied for each building (including both placed in service and most recent nonqualified substantial improvement), or alternatively, applicant may provide sufficient documentation and information to support a finding that the requirement is not applicable under *IRC Section 42*; and
  - iii. Provides the applicant's certification that each building was not previously placed in service by the applicant or by any person related to the applicant in accordance with *IRC Section 42(d)(2)(B)(iii)*.
- c. The applicant must produce evidence of site ownership or a 99-year leasehold on the site at the earlier of:
- i. Placement in Service Allocation; or
  - ii. The date the taxpayer will be required, pursuant to federal statute, to prove that its basis in the development exceeds ten percent (10%) of the reasonably expected basis in the development as of December 31 two years following reservation.

**5. Zoning and Planning Commission Information.** A signed letter, dated within six (6) months prior to the Application Deadline, from the appropriate zoning authority stating the proposed use of the property and that the property is properly zoned for such proposed use. If the development site is within the five (5) mile extra-territorial jurisdiction of a municipal planning commission, and planning commission approval is required for the development's construction, the applicant must submit written documentation that such approval has been granted by the planning commission. Planning commission approval documentation must be dated within six (6) months of the Application Deadline.

**6. Independent Market Study.** A comprehensive market feasibility study demonstrating that sufficient need for the affordable housing as proposed exists in the proposed geographic market area. The application will be rejected if the market study fails to show need for any bedroom size proposed based upon the targeted income group for that bedroom size. The market study shall be dated within six (6) months prior to the Application Deadline. The market feasibility study shall be conducted at the applicant's expense by a disinterested third party approved by ADFA. The market analyst shall be on ADFA's Approved Market Study Firm List and shall follow ADFA's "Market Study Guidelines for Affordable Rental Housing Programs". Market studies that: (a) do not meet the requirements of the Market Study Guidelines; (b) do not provide an index or table of contents indicating the page within the market study each requirement can be found; or (c) are performed by firms not approved by ADFA, will not be accepted.

**NOTE: All applications with rehabilitation projects shall include as an appendix to Market Study, a complete, detailed Tenant Income Audit that identifies all existing tenant households and their income. The audit must separately identify those tenant households whose income exceeds applicable income limits.**

*ADFA reserves the right, for good cause, to independently evaluate the need for additional affordable rental housing in the proposed geographic market area and to not award credits to any development if, in ADFA's sole determination, the proposed location's market is weak, the proposed development will detrimentally affect other affordable housing in the area, or the proposed location is or nearly is saturated, or other negative impact or projection, even if the proposed development is otherwise eligible and even if the market study's conclusions do not indicate any negative impact or projection. If ADFA utilizes its right to independently evaluate the market area need, the Applicant will be notified at Final Response period.*

***ADFA shall have no liability for determinations of the presence or absence of a sufficient market. An award of tax credits by ADFA does not constitute a determination by ADFA that a***

*sufficient market exists for the proposed units so as to provide financial feasibility. ADFA shall not be liable for any costs incurred, profits lost, or other damages that may result from ADFA's determination of market conditions, award of tax credits or denial of tax credits.*

**7. Articles of Incorporation, IRS documentation, and Non-Profit Determination Statement.** To be considered for the "Non-Profit Set-Aside", the development shall involve a qualified non-profit organization that:

- a. Owns an interest in the development;
- b. Materially participates in the development;
- c. Is not affiliated with or controlled by a for-profit organization; and
- d. Has as one of its exempt purposes, in its Articles of Incorporation, the fostering of low-income housing.

In addition, to be considered for the "Non-Profit Set-Aside":

- a. the non-profit organization's Articles of Incorporation and IRS documentation of its exemption from federal income tax must be included (pending requests with the IRS for exemption will not be accepted);
- b. the Applicant must provide proof in the form of signed statements that all four (4) criteria listed above have been met.
- c. the development must comply with Internal Revenue Service Revenue Procedure 96-32 in that at least seventy-five percent (75%) of the total number of residential units are designated for low-income residents.

**8. Capital Needs Assessment.** All rehabilitation developments shall include a capital needs assessment conducted by a firm on ADFA's "Capital Needs Assessment Firms – Approved List". The assessment shall include a physical inspection of the interior and exterior of each unit and structure, as well as, an interview with the development manager and maintenance personnel. At a minimum, the following components must be examined and analyzed in the assessment:

- a. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utility lines;
- b. Structural systems, both substructure and superstructure, including exterior walls, balconies and stairways, exterior doors and windows, roofing system and drainage, including but not limited to termite, mold and water damage;
- c. Interiors, including unit and common area finishes (carpeting, vinyl flooring, tile flooring, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors;
- d. Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection and elevators; and
- e. Buildings, facilities, common use areas, residential units, parking areas, curbs, ramps, railings to ensure compliance with applicable federal, state and local laws regarding accessibility for persons with disabilities.

A report, dated within six (6) months prior to the Application Deadline, of all components examined and analyzed in the assessment must be submitted with the application.

The report must include a physical inspection of the interior and exterior of EACH UNIT AND EACH BUILDING and must specifically identify the scope of work and estimated costs necessary to:

- a. Rehabilitate all components examined and analyzed in the development to a new or "like-new" condition;

- b. Correct all deficiencies in order for the development to comply with applicable federal, state and local laws and requirements regarding accessibility for persons with disabilities; and
- c. Correct all deficiencies to ensure compliance with ADFA's Multifamily Minimum Design Standards.

Failure by the report to meet the requirements set forth herein will result in a rejection of the Capital Needs Assessment submitted, thereby terminating the application from further consideration for federal low-income housing tax credits.

All rehabilitation development applicants must submit a statement that the scope of rehabilitation will include all capital needs of the development as set forth in the Capital Needs Assessment.

**9. Financial Feasibility.** All applications through the competitive allocation cycle will be underwritten using the same criteria regardless of project type or location. At a minimum ADFA determines that a development is financially feasible based on the following criteria: a) the extent to which the development's sources of funds equals the development's uses of funds; b) the extent to which any proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service c) the reasonableness of total development costs, inclusive of ADFA predetermined cost caps; and d) repayment terms (including interest rates, total debt and loan terms) for all proposed debt in connection with the proposed development.

ADFA may incorporate terms and conditions required by the equity investor(s) and lender(s) into its underwriting of an application if ADFA determines it necessary to provide an accurate, complete analysis of the financial feasibility of a proposed development.

**Operating Deficit Reserve and Replacement Reserve Funds.** The total development budget shall include:

- a. Operating Deficit Reserve Fund equal to the greater of:  
For all rehabilitation developments that do not receive 100% project based rental assistance and all new construction developments:
  - (i) Six (6) months of: (a) projected annual operating expenses, (b) annual debt service payments and (c) annual replacement reserve deposits;
  - OR
  - (ii) The amount of operating reserves required by applicant's equity investor(s) or lender(s)
 For all rehabilitation developments that receive or will receive 100% project based rental assistance:
  - (i) Three (3) months of: (a) projected annual operating expenses, (b) annual debt service payments and (c) annual replacement reserve deposits;
  - OR
  - (ii) The amount of operating reserves required by applicant's equity investor(s) or lender(s), and
- b. The funding and maintenance of a Replacement Reserve Fund equal to the greater of:
  - (i) \$250.00 per unit per year;
  - OR
  - (ii) The amount of replacement reserves required by applicant's equity investor(s) or lender(s).

The operating and replacement reserve accounts shall be incorporated into the MFHA. These amounts must be funded by the date the development is placed in service and evidenced in the final cost certification.

The Replacement Reserve shall be maintained, and yearly deposits shall be made equal to the above requirement, for the entirety of the affordability period. The applicant shall identify the name of the financial institution where each reserve will be held. A copy of the December bank statement for the Operating Reserve account and the replacement reserve account must be submitted by the Owner to ADFA's Compliance Department by February 1 of each year. If the December bank statements do not evidence a year-end summary of each month's balance, copies of bank statements for all twelve (12) months, for the Operating Reserve and the replacement reserve, shall be submitted to ADFA's Compliance Department by February 1 of each year. The ending balance of each reserve account must total the amounts required under (a) and (b) above, whether the accounts are replenished from operating income or by the general partner of owner or member, shareholder or partner of general partner, as deemed appropriate by ADFA.

**ALL WITHDRAWALS FROM THE OPERATING DEFICIT RESERVES MUST BE APPROVED, IN WRITING, BY ADFA PRIOR TO WITHDRAWAL.** Owner must submit with the withdrawal request supporting documentation evidencing the need for the funds, written evidence that insufficient funds exist in the primary operating account, and a written guaranty by the general partner of owner or member, shareholder or partner of general partner, as deemed appropriate by ADFA, will deposit sufficient funds into the Operating Deficit Reserve account so that at the end of the year the total funds in the Operating Deficit Reserve account equal the amount required under (a) as modified herein for Rural Development developments. ADFA will require notification from owner on any replacement reserve withdrawal and notice of approval from development's lender or investor as applicable.

**Rural Development-funded developments:**

In the event that Rural Development requires initial operating capital in an amount greater than ADFA's operating deficit reserve, ADFA's required Operating Deficit Reserve under (a) above must be funded. In the event that RD requires initial operating capital in an amount less than ADFA's Operating Deficit Reserve required under (a) above, ADFA will credit the amount of reserves required by Rural Development to the total amount of reserves required under (a) and (b) above, but in no event shall the **total** amount of reserves be less than that required under (a) above. (For example, if under (a) \$50,000 is required and under (b), \$10,000, and Rural Development requires \$20,000 of initial operating capital, the owner must fund a separate Operating Deficit Reserve account, withdrawals from which must be approved by ADFA, in the amount of \$30,000. Using the same amounts except that RD requires a \$70,000 initial operating capital, the owner must fund a separate \$50,000 Operating Deficit Reserve.)

A copy of the December bank statement for the Operating Reserve account and the Replacement Reserve account must be submitted by the Owner to ADFA's Compliance Department by February 1 of each year. If the December bank statements do not evidence a year-end summary of each month's balance, copies of bank statements for all twelve (12) months, for the Operating Reserve and the Replacement Reserve, shall be submitted to ADFA by February 1 of each year. The ending balance of the Operating Deficit Reserve account plus the development's ending cash balance per RD Form 3560-7, plus the balance of RD's initial capital outlay reserve must total the amounts required under (a) and (b); thus, general partner of owner or member, shareholder or partner of general partner of owner may have to deposit funds into the separate Operating Deficit Reserve account to total this amount.

ADFA acknowledges that RD shall have authority over the initial operating capital reserve account and that RD will review and approve or deny all withdrawal requests by owner from such account. ADFA shall have approval authority over the separate Operating Deficit Reserve account. Owner shall not make any withdrawals from the Operating Deficit Reserve account without providing the following items to ADFA: 1) Owner must submit with the withdrawal request supporting documentation evidencing the need for the funds, 2) Owner must provide written evidence from RD that the use of reserve funds is not an eligible expense from RD initial operating capital reserve account or that insufficient funds exist in the account, and 3) a written guaranty by the owner or general partner of owner, as deemed appropriate by ADFA, will deposit sufficient funds into the ADFA Operating Deficit Reserve account so that at the end of the year the total funds in the Operating Deficit Reserve account equal the amount required under (a) as modified herein for Rural Development developments.

**Pro Forma.** Each application must complete the Pro Forma document set forth in or as an exhibit to the MFHA. The pro forma for all applicants must be based on reasonable projections of increases in expenses and incomes. NOTE: Provide an **additional** pro forma and alternative list of sources if applying for State Housing Credits showing the alternative financing proposed.

**Developer Fee.**

- a. Developer Fee Standard. The developer's fee, which is defined to include the developer fee plus developer's overhead and profit plus consultant's fee, must meet the following standards:

**The developer fee cannot exceed fifteen percent (15%) of the "Net Development Costs".**

"Net Development Costs" is defined as the total uses of funds, less syndication-related costs, developer's fee and development reserves.

For purposes of applying the developer's fee to eligible basis, eligible basis **must be proportioned separately reflecting that amount of the developer's fee attributed to the acquisition of existing property from that amount attributed to the rehabilitation costs.** The amount attributed to the acquisition of existing property must be equal to or greater than the percentage that the total acquisition costs of existing property is to the total development costs.

Applicant must disclose in its application or an attachment thereto all persons and entities that will receive any portion of the developer fee proposed in the application. For all such entities, all members, partners and shareholders of such entities shall be disclosed and the respective portion of the amount of developer fee to be received by the entities shall be identified. If after time of application, there is any proposed change in the person(s) or entity/entities that shall receive any portion of the developer fee, all revised parties and amounts must be disclosed in writing to ADFA.

- b. Developer Fee – Deferral. Any portion of the developer's fee that is deferred and included as a source of funds will be underwritten to ensure payment by the end of the 15-year compliance period. Eligible basis will be reduced by that amount of deferred developer fee that is not payable within the 15-year compliance period. If any portion of the developer's fee is deferred in the form of a loan, then ADFA will consider any interest payable on such loan to the developer as part of the developer's fee for computing compliance with the developer fee standard(s) set forth above.

**General Requirements, Contractor's Overhead and Contractor's Profit.** The amount allocated to General Requirements of the development cannot exceed seven percent (7%) of its construction hard costs. General requirements include items that are required for the contractor to provide for the specific project including, but are not limited to, the following: Field supervision; field engineering such as field office, sheds, toilets, phone; performance and payment or latent defects bonds; building permits; site security; temporary utilities; property insurance; and cleaning or rubbish removal. Such items should not be accounted for as separate line items in the development budget.

**ADFA will limit the Contractor's Overhead to four percent (4%) of the development's construction hard costs plus in general requirement's costs. ADFA will limit the contractor's profit to ten percent (10%) of the development's hard costs plus its general requirements' costs. ADFA reserves the right to determine whether costs included in the contractor's overhead and contractor's profit calculations are appropriate and reasonable.**

Applicant must disclose in its application or an attachment thereto all persons and entities, whether or not affiliated with Applicant that will receive any portion of the contractor's profit proposed in the application. For all such entities, all members, partners and shareholders of such entities shall be disclosed and the respective portion of the amount of contractor's profit to be received by the entities shall be identified. If after time of application, there is any proposed change in the person(s) or entity/entities that shall receive any portion of the contractor's profit, all revised parties and amounts must be disclosed in writing to ADFA.

**Per Unit Cost Cap.** ADFA limits the per unit cost for developments to:

Assisted Living	\$179,000
Historic Rehabilitation	\$179,000
Single family – New construction	\$162,000
All other new Multifamily	\$151,000
Acquisition/Rehabilitation	\$131,000

"Per unit cost" is calculated by dividing the total development cost by the total number of units. Applications that represent on the face of the application a higher cost per unit than the allowable cost per unit stated herein may be rejected from further consideration for an award of federal or state housing tax credits. Applications that represent costs within the allowable costs stated herein but which ADFA reasonably determines to inaccurately reflect actual costs per unit are subject to rejection from further consideration for an award of federal or state housing tax credits.

ADFA shall have the discretion to determine reasonableness of all costs stated in the proposed development budget regardless of whether the costs per unit comply with the maximum costs per unit limitation set forth above. ADFA may, within its discretion, deny applications based upon the unreasonableness of costs, regardless of whether the costs per unit comply with the maximum costs per unit limitation set forth above. Upon request by ADFA staff, applicants may provide justification and supporting documentation of costs. ADFA will review the items submitted and make a final determination. ADFA's determination will be set forth in writing as to whether the application will be further considered or rejected.

**Minimum Debt Coverage Ratio.** The development will be required to establish a minimum debt coverage ratio that is the greater of: (1) 1.15; or (2) the minimum debt coverage ratio required by any lender or investor providing a financial commitment to the applicant.

"Debt coverage ratio" or "DCR" is defined as the ratio of a development's net operating income (rental income less operating expenses and reserve payments) to total debt service obligations ("DCR"). **Rural Development (RD) developments shall use the income, expenses and reserves as approved in the most recently executed Form 3560-7.** The applicable minimum debt coverage ratio must be evidenced by the MFHA and supporting documentation.

A development's DCR may not be projected to be below the DCR required herein at any time during the compliance period. If the application or ADFA's underwriting evidences that the development will fail to meet the requisite DCR at any time during the compliance period, the application will be rejected from further consideration for an award of housing tax credits.

After a development is placed in service, the DCR will be monitored by ADFA's Compliance Department and/or ADFA's Multifamily Programs Department.

**10. Rehabilitation Standard.** Rehabilitation hard costs (labor and materials) on any rehabilitation development will be no less than \$15,000 per unit and no less than twenty percent (20%) of the development's total costs.

Developments financed with 4% LIHTC / Tax-exempt bonds: Applicants for tax-exempt bond financing subject to private activity volume cap MUST elect to meet the Rehabilitation Standard set forth above.

**11. Rental Assistance Contract.** All applicants proposing a development that has been approved for project-based rental assistance shall submit with its application a copy of the executed rental assistance contract **and if applicable Form RD 3560-7 or HUD-92458**; if a rental assistance contract has not been executed at time of application submission, a commitment letter from the agency providing the rental assistance must be submitted. All such applicants must also submit documentation, if not set forth in the rental assistance contract or the commitment letter, or the most recently approved amount of rent to be charged. If an application proposing a development represented to have project-based rental assistance does not submit this required information, and complete all portions of the application relevant to project-based rental assistance, ADFA will underwrite on the assumption of no rental assistance. If such underwriting results in a determination that the development is not financially feasible, the application will be rejected from further consideration for an award of housing tax credits.

**HUD Section 8 Supported Developments:** In the event that the Department of Housing and Urban Development ("HUD") anticipates granting a waiver, or other process whereby HUD has agreed to underwrite an existing HUD-assisted development based on rents and rental assistance it has agreed to provide after rehabilitation, ADFA **may** also underwrite such proposed developments based upon such rent and rental assistance if substantiated by a letter from HUD and supported by the market study and/or appraisal. It is within ADFA's sole discretion, on an application-by-application basis, to determine whether utilization of such future rents and rental assistance in its underwriting is reasonable and appropriate.

Any award of tax credits under such circumstance is conditioned upon the development obtaining the waiver or approval. If the waiver or approval is not obtained by the carryover allocation Application Deadline, ADFA may terminate the tax credit award and no carryover allocation will be issued by ADFA for the development.

**12. Fair Housing Training.** Applicant must include with its application a copy of the certification evidencing completion of the Arkansas Fair Housing Commission training by a principal of the following members of the development team, or manager dealing with day-to-day operations, as appropriate under the circumstances: (a) Owner; (b) Developer; (c) Management Company; (d) Consultant, if applicable; and (e) Architect. Failure to submit the requisite evidence of completion by all required development team members shall result in rejection of the application from consideration for an award of housing tax credits. The certification is valid for the purpose herein for two (2) years from date of certification. Each development team member should attend the class most relevant to his or her development team role.

**13. Identification of Applicant.** Applicant must identify within its application the General Partner and Limited Partner(s), or all members as applicable, of the applicant entity. Applicant must also identify all members, partners, or shareholders of the General Partner; if any such members, partners, or shareholders are entities, Applicant must identify all members, partners, or shareholders of such entities.

**14. Assisted Living Developments.** Assisted Living development applicants shall submit an approved Certificate of Need or Permit of Approval from the State of Arkansas. See, definition of "Assisted Living" herein Section I(A).

All assisted living development applications must submit the following representations from the applicant:

- a. All low-income housing units within the assisted living development contain separate and complete facilities for living, sleeping, eating, cooking and sanitation (See 26 C.F.R. § 1.103-8(b)(8));
- b. All low-income housing units within the assisted living development are available for use by the general public (See 26 C.F.R. § 1.42-9);

- c. Supportive services available to tenants in low-income housing units within the assisted living development are optional (See 26 C.F.R. §1.42-11); and
- d. Supportive services available for tenants in low-income housing units within the assisted living development do not include continual or frequent nursing, medical, or psychiatric services (See 26 C.F.R. § 1.42-11 and IRS Revenue Ruling 98-47).

**15. Narrative Description of the Development.** A detailed narrative description of the development that includes the type of development; geographical description of the development site and surrounding area; types of financing; tenants served; bedroom mix; percentage of low-income units; involvement of non-profit support service organizations; amenities for the development; energy efficiency; rehabilitation work to be performed, if applicable; and any other relevant descriptive information.

**16. Letter to Public Housing Authority (“PHA”) for use by Persons on Waiting List.**

The applicant shall provide written documentation to the local PHA of its intent to develop a low-income Multifamily rental development. The notice shall provide the PHA with:

- a. A copy of the Narrative description set forth above;
- b. The development’s proposed address/location; and
- c. A description of the number, type, income limits and unit mix (by bedroom size and anticipated rents).

The applicant must submit a copy of the above notice with its application to ADFA.

**17. Utility Allowance Calculation.** Pursuant to 26 CFR § 1.42-10, documentation of utility calculations from one of the following entities shall be included:

- a. Local Public Housing Authority, unless the applicant is a Housing Authority, or affiliated therewith, then it must be from an unrelated third party;
- b. HUD;
- c. RD;
- d. Utility company; or
- e. Energy Consumption Model study, conducted by a licensed engineer or other professional (if other professional, must be approved by ADFA in advance of submission).

NOTE: **If applying for HOME:** Effective January 2015, Applicant must use the HUD Utility Schedule Model or otherwise determine the utility allowance for the project based on the type of utilities used at the development.

Applicant must submit written documentation from the utility allowance entity selected which clearly marks the allowance for each type utility usage applicable for each type of unit to be constructed or rehabilitated. The supporting documentation must be signed and dated by an authorized representative of the utility allowance entity.

The utility allowance documentation must be dated within six (6) months prior to the Application Deadline, unless the application is for acquisition/rehabilitation of a HUD or RD development, then the current executed HUD or RD rent schedule forms are acceptable.

**18. Section 106 and Fish and Wildlife Service’s Clearance Letter.** A Section 106 (National Historic Preservation Act, 16 U.S. C. § 470(f)) clearance letter from the Arkansas Department of Heritage and a Fish and Wildlife Clearance Letter from the U.S. Fish and Wildlife Services, must be submitted with the MFHA.

**19. Letter of Participation and Resume of Development Team Members.** Each development team member shall submit:

- a. A cover letter describing its participation in the development along with a copy of its resume listing qualifications, experience, previous experience with the low-income housing tax credit program, address, telephone number and email address.
- b. The General Contractor/Builder, Architect, and Engineer must be licensed to conduct business in Arkansas and a copy of such licenses must be submitted with the application.
- c. Certification of Good Standing from Secretary of State for Applicant, Developer and Management Company.

It is within ADFA's sole discretion to evaluate the capacity of any development team member to undertake performance on any development. A determination by ADFA that any development team member does not have the capacity to undertake performance on any development may result in a disqualification of the application.

Any development team member, including the applicant, consultant, management agent or developer may be considered ineligible for an award of Tax Credits in scenarios whereby the documentation supports instances of nonperformance. Instances of poor or nonperformance may occur during construction, lease up, the Compliance Period, or the Extended Use Period. Below is a list of some possible performance issues. This is not an exclusive list.

- a. Failure to meet and maintain minimum property standards;
- b. Failure to meet and maintain any material aspect of a Development as represented in an Application;
- c. Excessive late or incomplete reports to ADFA;
- d. Failure to obtain prior approvals from ADFA;
- e. Having been involved in uncured financing defaults, foreclosures, or placement on HUD's list of debarred contractors;
- f. Events of material uncorrected noncompliance with any Federal or State assisted housing programs within the prior seven (7) year period;
- g. Failure to comply with ADFA's request for information or documentation on any Development funded or administered by ADFA; or
- h. Removal as a general partner.

**20. Statement of Previous Performance.** Utilizing the Criminal Background and Disclosure Form – Housing, Attachment A, the applicant, its consultant, and each development team member shall inform ADFA whether or not it has any existing contract or indebtedness with ADFA and identify any prior or currently delinquent, defaulted, or foreclosed upon contract, loan or other indebtedness of the applicant, consultant, or development team member with ADFA, or any judgments, proceedings or investigations or any pending or threatened litigation.

In addition, ADFA will review the previous performance of the applicant, its consultant and each development team member under all affordable housing programs with ADFA or other State Housing Finance Authorities, including the HOME Program, the Housing Credit program, Tax-Exempt Bond program, and any other affordable housing loan program, including disbursements, payment history, compliance history and any findings. Unsatisfactory performance, **as determined by ADFA's Staff Housing Review Committee**, on previous developments or delinquencies in payments will result in disqualification of an application by the ADFA Staff Housing Review Committee, regardless of scoring.

**21. Criminal Background and Disclosure.** Each applicant, developer, consultant, and other development team member on the application, and all principals of development team members as well as any public official affiliated with a tax credit, tax credit/HOME or bond program application, shall complete a Criminal Background and Disclosure Form – Housing, Attachment A to the Application.

Failure to submit, or correctly complete the Criminal Background and Disclosure Form – Housing by each applicant, developer, consultant and development team member on the application or affiliated public official on a HOME program application may disqualify the Application for reservation of LIHTCs, Tax-Exempt Bonds utilizing Private Activity Volume Cap (“Bonds”) or HOME funds, or other ADFA Housing resources.

Each applicant or recipient of LIHTCs, Bonds, or HOME funds or other ADFA housing resources and any principal of such applicant or recipient, is subject to ADFA's Criminal Background Check Policies and Procedures and their requirements. Each consultant, developer, or other development team member or any principal of such consultant, developer, or other development team member, is subject to ADFA's Criminal Background Check Policies and Procedures and their requirements.

ADFA, in its sole discretion, shall determine whether the criminal background of an applicant, developer, consultant or other development team member or of a partner, member, or shareholder of the applicant, developer, consultant or other development team member disqualifies such person(s) or entity or entities. If such person(s) or entity or entities are determined to be disqualified to participate on the development team of the proposed development, the application may be rejected from further consideration for housing tax credits, which may necessarily result in rejection from further consideration for other ADFA resources. ADFA may allow, in its sole discretion, applicant to provide, after notice of such determination to applicant, a replacement development team member subject to approval of such replacement member by ADFA.

An application may be disqualified based upon the Criminal Background and Disclosure, within the sole discretion of the ADFA's Staff Housing Review Committee.

**22. Environmental Checklist.** The Environmental Checklist included in the Application as Attachment B must be completed, signed and dated.

**23. Conflict of Interest Acknowledgment and Contract and Grant Disclosure and Certification Form.** Each member of the development team as listed in the Development Team tab of the MFHA must complete the "Conflict of Interest Acknowledgment" and "Contract and Grant Disclosure and Certification Form", which will be available on ADFA's website as an attachment to the MFHA.

**24. Attachment C – Identity of Interest.** As appropriate for each entity listed on the Development list and the Limited Partnership, prepare an organizational chart for each member of the Development Team listing the entity, and all applicable stockholders, directors, officers, members, managers, trusts, trustees, etc. including full names and addresses and percentage of ownership and voting rights. If a sole proprietorship, state the same. Reference Attachment C as an example.

**25. Tax Abatement.** ADFA will not consider the effect of lowered, abated, or deferred real estate taxes in its underwriting of the proposed development unless documentary evidence of the development's entitlement to tax abatement, reduction or deferral is submitted by Applicant with its application.

**26. Attachment G.**  
Multifamily Housing Minimum Design Standards: Construction of the development must be in accordance with ADFA's "Multifamily Housing Minimum Design Standards", as well as all applicable local, state and national building codes. The applicant's architect must complete and execute the "Multifamily Housing Minimum Design Standards Checklist", Attachment G of the MFHA. Applicant must certify that all features, standards and specifications acknowledged in Attachment G, certified by the architect, will be incorporated and complied with in the construction or rehabilitation of the proposed development. The general contractor must execute an acknowledgment of Attachment G before a Notice to Proceed will be issued.

For rehabilitation developments: If structural constraints prohibit adherence to ADFA's "Multifamily Housing Minimum Design Standards", applicant may seek a waiver from ADFA for the standard concerned. Such waiver request must be in writing, must be included with the application

(separate from Attachment G), but Attachment G must evidence the waiver request, and include the following:

- a. Certification by the design architect or licensed engineer that the standard concerned cannot be met due to structural constraints and a description of the structural constraint;
- b. Description of alternative design which will achieve the benefit of the required standard; or certification by the design architect or licensed engineer that no alternative design can be undertaken to achieve the benefit of the required standard due to structural constraints; and
- c. Statement by applicant that it will implement any alternative identified by the design architect or licensed engineer.

A certification from the design architect or licensed engineer will be required to be submitted confirming compliance with ADFA's "Multifamily Housing Minimum Design Standards", as amended for the development by any approved waivers, prior to the issuance of IRS Form 8609.

**27. Allocated Credit Limitation for Competitive Round.** A Development Team member, whether an individual or entity, may not have an economic interest, as defined below, in more than 30% of the total amount of 9% housing tax credits that ADFA has available for allocation in that given year. The ADFA Board of Directors shall have the sole discretion to limit the number of developments under development at any one time by any developer or owner.

This section is not intended to prohibit any independent third-party professionals from rendering services on behalf of multiple proposed developments. However, this section will apply to such service provider if the service provider has an economic interest as defined below in addition to its provision of services to the proposed development.

ADFA retains the sole discretion to determine when this rule regarding economic interest should apply in circumstances other than those specifically referenced above. In addition to the Allocated Credit Limitation for any Development Team member among which ADFA determines an economic interest exists, ADFA may impose special conditions and limitations upon applications, applicants and development team members.

Applicant must identify **all** members, partners and shareholders of the applicant, contractor, architect, management company, consultant and developer of the proposed development. If any such identified members, partners or shareholders are entities, then **all** members, partners and shareholders of such entities must be identified. **All** development team members must be identified at time of application.

No changes can be made in the composition of the development team without ADFA's written approval. Applicant must identify to ADFA all members, partners and shareholders of the proposed replacement member. If any such identified members, partners or shareholders are entities, all members, partners and shareholders of such entities must be identified. All policies regarding economic interest shall be applicable to the proposed replacement member. If the proposed replacement would cause a development team member or related person or entity to violate the Allocated Credit Limitation, such proposed replacement will be denied, or if the economic interest becomes known to ADFA at a later time, ADFA may terminate the reservation, terminate the carryover allocation, deny issuance of credits via IRS Form(s) 8609, suspend all responsible persons and entities from the tax credit program for a period of time determined by the ADFA Board of Directors, or take other action reasonable under the circumstances as determined by ADFA.

An economic interest exists in the context of tax credit applications and developments when:

- a. There is any financial interest in the development, including but not limited to the lending of funds to a development team member or the owner of the development for the construction or operation of the development, the guaranteeing of a note on behalf of a development team member or owner of the

development, or the making of any other guarantee that is contingent upon the construction or performance of the development; and/or

- b. A development team member also has an economic interest in a development if the ownership entity or any portion thereof should be stated on the financial statements of the development team member or related entity according to Generally Accepted Accounting Standards.

Economic interest shall not include a contractual relationship whereby a development team member provides services that are within its ordinary course of business and receives reasonable payment for such services. For example, an architect contracting with a development owner to prepare plans for the rehabilitation of a development in exchange for a contractual sum shall not constitute an economic interest. Or, for example, an independent contractor providing a payment or performance bond or guarantee and warranty pertaining to their construction work and budget as outlined in an AIA A series contract shall not constitute an economic interest.

For the purposes stated herein, "development team member" shall include but not be limited to all persons and entities stated in the tax credit application as members of the development team.

Applicant must disclose **all** identities of interest that exist among all persons or entities acting as a development team member whether or not expressly named as a development team member.

Applicant shall include with its tax credit application a verified statement from **all** development team members in which each discloses all economic interests in the development. ADFA may deem a person or entity as a development team member if ADFA reasonably determines that such person or entity is acting as a development team member.

**28. Multiple Phase Developments.** ADFA will not consider for an award of federal or state housing tax credits an application for a proposed development that is a phase of another proposed development for which an application has been submitted in the same funding cycle.

II. **PROCEDURES FOR AWARDING POINTS AND RANKING APPLICATIONS.**

A. **POINTS CRITERIA**

Each application will be awarded points based upon the Points Criteria outlined below. **To be awarded points, the applicant must submit the information and documentation EXACTLY as stated below by the Application Deadline.**

**POINTS CRITERIA**

<b>1</b>	<b>LOCATION</b> Development is located in the following low-income counties designated in the most recent State Consolidated Plan: Bradley, Chicot, Crittenden, Desha, Fulton, Jackson, Lafayette, Lawrence, Lee, Miller, Monroe, Newton, Phillips, St. Francis, Searcy and Woodruff.	<b>8 Points</b>
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<p><b>2</b></p>	<p><b>TENANT NEEDS</b></p> <p>a. <b>12 points</b> will be given to developments with 100% of the units in the development designed, equipped and set-aside for elderly defined at 42 USC 3607(b)(2) and Ark. Code Ann. §16-123-307(d)(1)</p> <p style="text-align: center;"><b>OR</b></p> <p>b. <b>12 points</b> will be given to developments targeting low-income families (or individuals with children) with a minimum of 20% of the units having three or more bedrooms. <i>(If an applicant chooses 100% elderly, the applicant will <u>not</u> receive points for three or more bedrooms)</i></p> <p style="text-align: center;"><b>OR</b></p> <p>c. <b>12 points</b> will be given for Supportive Housing for disabled persons (as defined in section I(A) above) with a minimum of 30% of units for such special needs tenants.</p> <p>Applicant must submit a statement:</p> <ol style="list-style-type: none"> <li>1. Describing the design and construction of the development that will meet the needs of the disabled population served;</li> <li>2. Describing the on-site support services that will meet the needs of the disabled population served; and</li> <li>3. Stating the supportive services will be optional to the disabled population served (see 26 C.F.R. §1.42-11(b))</li> </ol> <p>The proposed service provider must submit a statement describing:</p> <ol style="list-style-type: none"> <li>1. The disabled population to be served;</li> <li>2. The needs of the disabled population to be served; and</li> <li>3. The service to be provided to the disabled population served, including the frequency of provision</li> </ol> <p style="text-align: center;"><b>OR</b></p> <p>d. <b>12 points</b> will be given for 100% Assisted Living housing (as defined in Section I(A) above).</p> <p style="text-align: center;"><b>OR</b></p> <p>e. <b>12 points</b> will be given to Housing intended for eventual tenant ownership.</p> <ol style="list-style-type: none"> <li>1. Pursuant to 26 U.S.C. §42(i)(7), eventual tenant ownership is when the tenant exercises a right of first refusal after completion of the Compliance Period.</li> <li>2. Applicant must submit the proposed right of first refusal contract to be offered for eventual tenant ownership.</li> </ol> <p><i>NOTE: NO POINTS WILL BE GIVEN FOR EXTENDED USE DURATION IF TENANT OWNERSHIP CHOSEN</i></p>	<p><b>MAXIMUM 12 Points</b></p>
<p><b>3</b></p>	<p><b>REHABILITATION POINT DEDUCTION</b></p> <p>12 points will be <b>deducted</b> if the proposed development involves acquisition and/or rehabilitation of existing structures that were "placed-in-service" or issued Certificate of Occupancy 20 years or less from the date of application deadline.</p>	<p><b>-12 Points</b></p>

4	<p><b>PUBLIC HOUSING</b> Evidence of a public housing waiting list's need for affordable housing shall be in the form of a letter from the respective public housing authority.</p>	4 Points
5	<p><b>HISTORIC DEVELOPMENTS</b> Proposed development involves rehabilitation of structures that are individually listed in the National Register of Historic Places ("NRHP") or have been determined to contribute to a Registered Historic District. Applicant must submit a letter from the Arkansas Historic Preservation Program dated within six (6) months from the date of the MFHA verifying the structures are individually listed in the NRHP or have been determined to contribute to a Registered Historic District.</p>	4 Points
6	<p><b>DEVELOPER FEE</b> Developer Fee, including consultant fees, are 10% or less of net development costs.</p> <p>Applicant must submit a statement of its election to limit its combined developer and consultant fees to 10% or less of net development costs and such limitation must be evidenced in the MFHA's Development Budget.</p>	8 Points
7	<p><b>MARKET RATE UNITS</b> To be eligible for market rate unit points, a minimum of 20% of the total residential units in the development must be market rate units. The market rate units must be evenly distributed throughout the buildings in the development, and if a single building, throughout the floor(s) of the building. The distribution of the market rate units must be reflected on the plans and Attachment E, the Building and Unit Designation submitted with the MFHA.</p>	4 Points
8	<p><b>RENTAL RATE IMPACT OF TAX CREDITS</b></p> <p>Proposed development will be awarded 1 (one) Point for <b>each</b> percentage advantage of rents below the market rents of comparable multifamily rental developments in the area.</p> <p>The percentage advantage will be calculated by the average percentage below market rate of each type of unit (<i>i.e. one bedrooms and two bedrooms</i>) in the development.</p> <p>Rents will be allowed to increase at a rate of 1% per year for 15 years. In no instance shall the rents exceed those required under I.R.C. § 42 or 24 C.F.R. § 92, if applicable.</p>	MAXIMUM 100 Points
10	<p><b>ADVANCED ENERGY EFFICIENCY FEATURES</b> The proposed development may only qualify for <b>only one</b> of the following:</p> <p><b>1 point</b> will be awarded if the proposed development meet the requirements for LEED Certified;</p> <p><b>2 points</b> will be awarded if the proposed development meets the requirements LEED Silver;</p> <p><b>3 points</b> will be awarded if the proposed development meets the requirements LEED Gold; <b>or</b></p> <p><b>4 points</b> will be awarded if the proposed development meets the requirements LEED Platinum.</p>	1-4 Points

12	<p><b>SITE SELECTION</b></p> <p>The site location will be evaluated for accessibility and proximity to services appropriate to the type of housing proposed (e.g. grocery stores, schools, medical facilities, public parks, and public transportation).</p> <p>The application should identify the name, driving directions, and distance to the nearest grocery store, medical facility and pharmacy.</p> <p><b>Two (2) points</b> will be given for the following services located within 3 miles of the site. <b>Site amenities must be appropriate for the population served.</b> Distances will be measured by shortest available driving distance from the Development's address to the applicable address of the service as calculated by Google Maps.. <b>Points will ONLY be given for the services listed below:</b></p> <ul style="list-style-type: none"> <li>a. Grocery Store/Supermarket</li> <li>b. Pharmacy/Drug Store</li> <li>c. School, daycare or educational center (<i>cannot take if 100% elderly only property</i>)</li> <li>d. Public Park or Green Space, as defined in Section I(A) (does NOT include school grounds)</li> <li>e. Book lending public library</li> <li>f. Daily operated senior center or facility offering daily services for seniors (<i>only take if 100% elderly property</i>)</li> <li>g. Hospital/Health Clinic/Doctor's office (Doctor's office must be a General Practitioner.)</li> <li>h. Public transportation</li> <li>i. Access to designated pedestrian trails</li> </ul> <p><b>NOTE: All site amenities that are presented for scoring must be referenced in Market Study map (Market Study Guidelines Section V.B). All site amenities presented for scoring must list a contact person and a verifiable phone number in application.</b></p> <hr/> <p>Points <b>deducted</b> for Site Selection (No Maximum Points)</p> <p>There is <b>not a limit</b> on the amount of points that can be deducted for negative site and neighborhood services</p> <p><b>Three (3) points</b> each will be deducted if any of the following incompatible uses are directly adjacent to the site (adjacent is defined as nearby, but not necessarily touching).</p> <p><b>Two (2) points</b> will be deducted if any of the following incompatible uses are within 0.3 mi (approximately 500 yards) of the site. Distances are measured by lineal distance or "as the crow flies". The following is NOT an exclusive list:</p> <ul style="list-style-type: none"> <li>a. Junk Yard/Public Dump/Solid Waste disposal</li> <li>b. Pig Farm/Chicken Farm</li> <li>c. Interstate hi-way or highly traveled road (<i>highly traveled means average daily traffic is over 10,000 as determined by recent State or local jurisdiction traffic maps published</i>)</li> </ul>	<p><b>MAXIMUM 18 Points</b></p>
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	<p>e. <i>by the State Highway and Transportation Department.)</i>          Prison/Jail          f. Airport</p> <p>Scoring considerations will also include, among other things, site suitability regarding topography (grade, low-lying area, flood plain, or wetlands)</p>	
<b>13</b>	<p><b>MARKET NEED</b></p> <p>A Market Study shall be submitted which adequately demonstrates need for the rental housing units proposed. Fifteen (15) points will be awarded for capture rates of 20% and below. For capture rates exceeding 20%, points will be awarded based upon 5% increments of the capture rate, up to and including 90%. Points shall be weighted based upon number of units. Zero (0) points will be awarded when the capture rate is 91% to 100%. The application will be rejected if the market study fails to show need for <u>any</u> bedroom size proposed based upon the targeted income group for that bedroom size. ADFA may substitute its own market analysis, in its discretion, and may reject application as a result.</p>	<b>MAXIMUM 15 Points</b>
<b>14</b>	<p><b>SERVES LOWEST INCOME GROUP POSSIBLE</b></p> <p>Special priority will be given to developments with units dedicated to serve households whose incomes are 30% or less of the area median income. Rents must be restricted accordingly. The number of units must be at least 5% of the total number of residential rental units in the development.</p> <p><b><u>Applicants for developments that will receive, or do receive and is anticipated will continue to receive, project based rental assistance for more than 75% of units are not eligible for these points. These units cannot be used to satisfy low HOME requirements.</u></b></p> <p>Applicant must submit a signed statement with the application stating the number of units to be set-aside for the extremely low-income tenants and such set-aside must be evidenced in the rent schedules of the application.</p>	<b>7 Points</b>

15	<p><b>EXTEND DURATION OF LOW-INCOME USE</b></p> <p>Applicant must submit a signed statement which indicates the number of years the period of affordability will be extended. To receive points the period of affordability must be at minimum 35 years.</p>	4 Points
17	<p><b>PAST PERFORMANCE POINT DEDUCTION</b></p> <p>ADFA will <b>reduce</b> a development's score up to but no more than <b>twenty-five (25) points</b> if the applicant or any related party or development team member failed to meet program or ADFA requirements on a prior ADFA development. These points will be assessed and evaluated on a round-by-round basis, and <b>applicants will be notified at Final Response period when a situation necessitating the assessment of these points occurs.</b></p> <p><b>Some examples</b> that will result in point reduction include:</p> <ol style="list-style-type: none"> <li>a. Failure to follow through with representations made at the time of application on previous developments where points were awarded that resulted in the project being funded.</li> <li>b. Repeated and documented poor response or slow response in providing follow-up documentation or clarification requests made by ADFA staff.</li> <li>c. Failure to meet one or multiple deadlines on previous developments – including Form 8609/Cost Certification Packages.</li> <li>d. Failure to submit Final Cost Certification with Total Development Costs at or below applicable Cost Cap.</li> <li>e. Failure to submit inspection reports and draw requests on monthly basis during construction.</li> </ol>	MAXIMUM -25 Points
18	<p><b>NEGATIVE POINTS FOR NON-COMPLIANCE</b></p> <p>ADFA's Compliance Department will calculate a Non-Compliance Percentage for each applicant based upon non-compliance by existing developments of which members, partners or shareholders of the applicant, General Partner of applicant or members, partners, or shareholders of General Partner of applicant, or members of applicant or members, partners, or shareholders of members of applicant were or are part of the development team or otherwise involved in the operation of the development as determined by ADFA.</p> <p>NOTE: If Applicant or Management is <u>new to Arkansas</u> without previous experience or 8609s issued, the Applicant <b>must</b> send a request to any other State Housing Finance Agency where the applicant or any related entity has previous LIHTC experience requesting the Agency to send ADFA a report listing any issuance of IRS form 8823, any report of non-compliance and UPCS inspection standards within the last three (3) years.</p> <p>The Non Compliance Percentage is determined at the time of review as evidenced by the issuance of the IRS Form 8823, Report of Non Compliance and UPCS inspection standards. All percentages will be calculated as follows: total number of units non-compliant/total units reviewed = Non Compliance Percentage. The Non Compliance Percentage of all ADFA properties reviewed within a 3 year period of time will be averaged and given an average Non Compliance Percentage. Owners are subject to point deductions based on the average Non Compliance Percentage as follows:</p>	-20 Points

Average Non Compliance Percentage	Negative Points
51% or more	20
41-50%	15
31-40%	10
16-30%	5
0-15	0

**TOTAL POINTS POSSIBLE:**

**192**

**B. RANKING AND AWARD DETERMINATION.**

Each application will be ranked according to the score awarded. In the event that some applicants score the same and are ranked the same, ADFA will employ a tie-breaker methodology to determine the final ranking. All final staff recommendations are subject to ADFA Board of Director's final decision.

In the event there is a tie in the scoring amount for two or more applications, then a funding recommendation will be made for the application based on one of the following criteria. The following are probable tie breaker criteria ADFA would use, but not meant to be exclusive of others:

1. Funding recommendation will be based on maximum number of affordable rental units produced.  
OR
2. Funding recommendation will be based on application who requested least amount of housing credits per unit.  
OR
3. Funding recommendations will be based on application that has the least amount of aggregate participation by any one owner or development team member. Aggregate participation is defined as the total of all LIHTC and HOME applications recommended for funding in the current round.  
OR
4. Funding recommendations will be based on equitable geographic distribution of awarded tax credits.

ADFA reserves the right to disapprove any development for an allocation of Housing Credits, regardless of the ranking under the priorities and point ranking outlined above. ADFA reserves the right, in its sole and absolute discretion, to suspend or bar any applicant from the Housing Credit program, which ADFA determines has acted improperly, illegally or inappropriately in the applicant's dealings with ADFA or in any way relative to the Housing Credit Program. ADFA reserves the right to reject any application from consideration for an award of federal or state housing tax credits if any member of its development team is determined by ADFA to be out of compliance in regard to any existing development financed with ADFA-awarded resources.

**III. EQUAL OPPORTUNITY.**

ADFA requires that occupancy of all housing financed or otherwise assisted by ADFA be open to all persons regardless of race, color, religion, sex, handicap, familial status or national origin. Contractors and subcontractors engaged in the construction or rehabilitation of such housing must provide equal opportunity for employment without discrimination as to race, color, religion, sex, handicap, familial status or national origin.

**IV. ADFA FEES.**

**A. APPLICATION FEE.**

The appropriate application fee (determined from the list below) shall be included with the application and be in the form of a check payable to the Arkansas Development Finance Authority. All fees are non-refundable. Overpayments will not be refunded.

**Competitive Round**

**For-profit applicants** 1.0% of requested annual amount of tax credits

**Non-profit applicants** 0.5% of requested annual amount of tax credits

**Bond Applications**

**For-profit applicants** \$10,000 per development site

**Non-profit applicants** \$3,000 per development site

**B. RESERVATION FEE.**

A non-refundable reservation fee of \$150.00 per low-income unit will be required to secure the reservation of Housing Credits. Overpayments will not be refunded.

**C. ISSUANCE OF IRS FORM 8609 FEE.**

A fee equal to \$150.00 per low-income unit will be required at the time the owner submits the final development cost certification requesting issuance of IRS Form 8609(s). Overpayments will not be refunded.

**D. MONITORING FEE.**

A monitoring fee equal to ten percent (10%) of the total annual Housing Credits allocation, or total original housing credit allocation prior to return of such credits and award of Section 1602 Exchange funds, as applicable, will be required at the time the owner submits the final development cost certification requesting issuance of IRS Forms 8609(s). Overpayments will not be refunded.

**V. FINANCING WITH TAX-EXEMPT BONDS AND HOUSING CREDITS.**

Developments financed with tax-exempt bonds must apply to receive Housing Credits not allocated as part of the State's annual Housing Credit ceiling. *Section 42(m)(1)(D)* of the Code requires such developments to satisfy the "requirements for allocation of a housing credit dollar amount under the qualified allocation plan applicable to the area in which the project is located". Although these developments need not compete for an award through the competitive process, they will be evaluated for compliance with the Application Requirements.

In addition, each development financed with tax-exempt bonds shall be in compliance with the monitoring provisions of ADFA. Applicants shall comply with ADFA's Guidelines for Reserving Volume Cap for Tax-Exempt Private Activity Bonds for Residential Rental Housing and ADFA's Rules and Regulations Implementing the Law on the Allocation of the State Volume Cap for Private Activity Bonds Pursuant to Act 1004 of 2001 in effect at the time of the filing of the application.

CERTIFICATION ON FOLLOWING PAGE.

CERTIFICATION MUST BE TURNED IN WITH APPLICATION.

DRAFT

**CERTIFICATION**

By submitting this MFHA, I agree to:

1. Participate in, provide information for, and cooperate with ADFA in the creation and maintenance of a web-based housing registry of ADFA-assisted housing developments.
2. Consent to ADFA obtaining information regarding applicant's, or any member of applicant's development team or any other member, partner or shareholder of an entity development team member or having any interest, indirectly or directly, in a development team member, from the housing finance agencies in all states in which applicant and development team members as defined herein have applied for credits, or otherwise participated in the development of a housing development.

I hereby certify that I have read and am aware of all terms, conditions, and requirements of the above-referenced instructions, and I am aware of all consequences should I fail to complete the MFHA application as set forth in these instructions.

\_\_\_\_\_  
Date

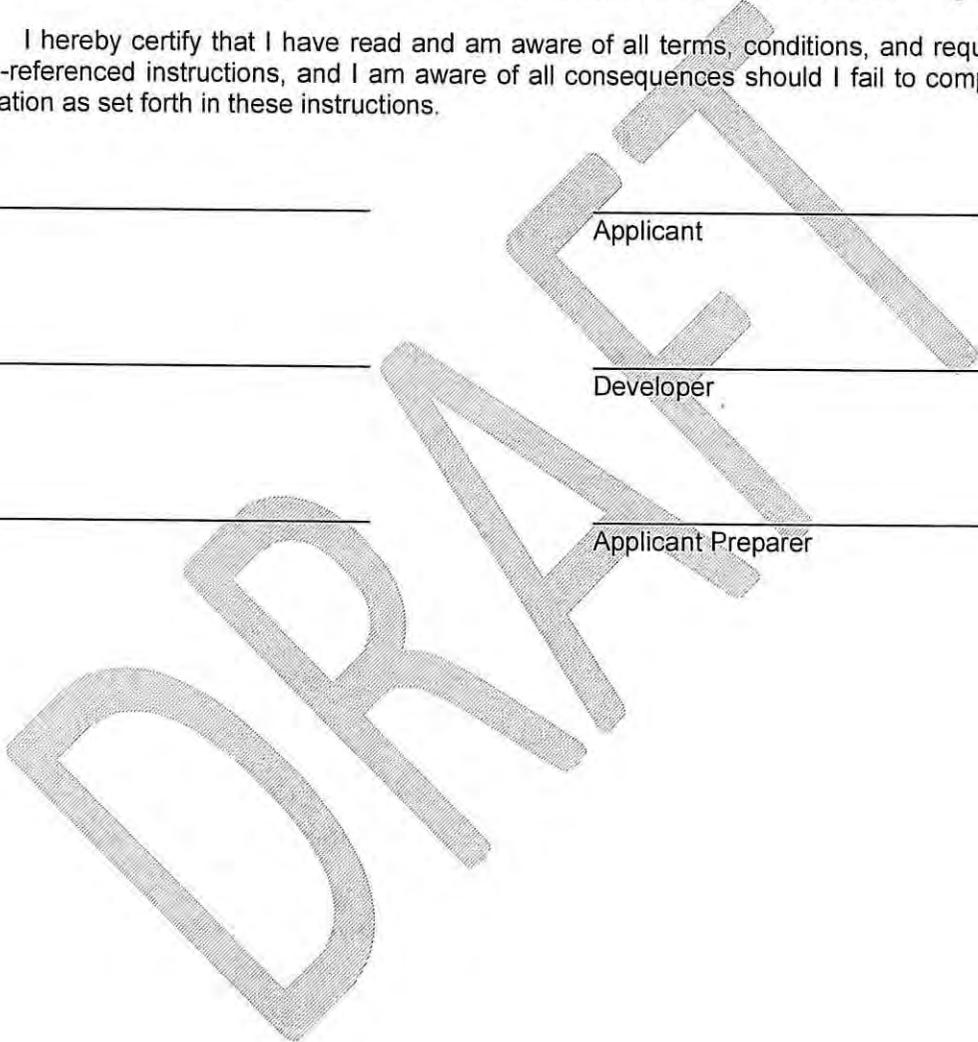
\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Developer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant Preparer



**ARKANSAS DEVELOPMENT  
FINANCE AUTHORITY**

**HOUSING CREDIT PROGRAM  
QUALIFIED ALLOCATION PLAN**

**I. DEVELOPMENT OF THE PLAN.**

The Arkansas Development Finance Authority (“ADFA” or the “Authority”) is charged with the responsibility of administering federal low-income housing tax credits (“Housing Credits”) for the State of Arkansas (the “State”). ADFA is also charged with the responsibility of promulgating rules and regulations concerning the allocation of the Arkansas low-income housing tax credit (the “State Housing Credits”) pursuant to ARK. CODE ANN. § 26-51-1701 et seq. The Tax Reform Act of 1986 created the Housing Credit to encourage the private sector to invest in the construction and rehabilitation of rental housing for low and moderate-income individuals and families (IRC Section 42). The Revenue Reconciliation Act of 1989 amended IRC Section 42(m) that requires allocating agencies to allocate low income housing tax credits pursuant to a Qualified allocation Plan (“QAP”). Low-income housing tax credits shall be allocated in accordance with this plan and any amendments thereto and are set forth below.

(1) (A) **QUALIFIED ALLOCATION PLAN**

For purposes of this paragraph, the term ‘qualified allocation plan’ means any plan--

- (i) which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions,
- (ii) which also gives preference in allocating housing credit dollar amounts among, selected projects to-
  - (I) projects serving the lowest income tenants,
  - (II) projects obligated to serve qualified tenants for the longest periods, and
  - (III) projects which are located in qualified census tracts (as defined in subsection (d)(5)(C) (IRC Section 42)) and the development of which contributes to a concerted community revitalization plan, and
- (iii) which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provision of this section and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of and



in monitoring for noncompliance with habitability standards through regular site visits.

(B) CERTAIN SELECTION CRITERIA MUST BE USED

The selection criteria set forth in a qualified allocation plan must include--

- (i) project location,
- (ii) housing needs characteristics,
- (iii) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan,
- (iv) sponsor characteristics,
- (v) tenant populations with special housing needs,
- (vi) public housing waiting lists,
- (vii) tenant populations of individuals with children,
- (viii) projects intended for eventual tenant ownership,
- (ix) the energy efficiency of the project, and
- (x) the historic nature of the project.

(C) APPLICATION TO BOND FINANCED PROJECTS

Subsection (h)(4) (IRC Section 42) shall not apply to any project unless the project satisfies the requirements for allocation of a housing credit dollar amount under the qualified allocation plan applicable to the area in which the project is located.

(2) Credit allocated to building not to exceed amount necessary to assure project feasibility--

(A) In general, the housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period.

(B) Agency evaluation--In making the determination under subparagraph (A), the housing credit agency shall consider--

- (i) the sources and uses of funds and the total financing planned for the project,
- (ii) any proceeds or receipts expected to be generated by reason of tax benefits,
- (iii) the percentage of the housing credit dollar amount used for project costs other than the cost of intermediaries, and
- (iv) the reasonableness of the developmental and operational costs of the project.

Clause (iii) shall not be applied so as to impede the development of projects in hard-to-develop areas. Such a determination shall not be

construed to be a representation or warranty as to the feasibility or viability of the project.

- (C) Determination made when credit amount applied for and when building placed service--
  - (i) In general, a determination under subparagraph (A) shall be made as of each of the following times:
    - (I) The application for the housing credit dollar amount.
    - (II) The allocation of the housing credit dollar amount.
    - (III) The date the building is placed in service.
  - (ii) Certification as to amount of other subsidies--Prior to each determination under clause (i), the taxpayer shall certify to the housing credit agency the full extent of all Federal, State, and local subsidies which apply (or which the taxpayer expects to apply) with respect to the building.
- (D) Application to bond financed projects--  
Subsection (h)(4) (IRC Section 42) shall not apply to any project unless the governmental unit which issued the bonds (or on behalf of which the bonds were issued) makes a determination under rules similar to the rules of subparagraphs (A) and (B).

## II. MULTI-FAMILY HOUSING APPLICATION ("MFHA").

The ADFA MFHA shall set forth all other requirements, instructions, clarifications and definitions for the year in which the application for LIHTC is submitted. The MFHA and all other documents necessary for a complete application are available at ADFA's website ([www.arkansas.gov/adfa](http://www.arkansas.gov/adfa)). The terms and conditions of the MFHA will be incorporated into the Carryover Allocation documentation. The MFHA will be used at final cost certification to ensure continued compliance with all requirements for the development.

Any material change to the original application, and all subsequent material changes, shall be submitted to ADFA in writing at least thirty (30) days prior to the desired effective date of the change. All changes shall be reviewed and approved by ADFA's Multi-Family Housing Staff, ADFA's Board Housing Review Committee and/or ADFA's Board of Directors, as appropriate. Any change to the original application made without approval from ADFA will be null and void and may result in remedial action by ADFA, including but not limited to penalties on future applications or suspension from the tax credit program in Arkansas for a set period of time. A \$500.00 fee per change item submitted shall be submitted to ADFA with all change requests. \$500.00 shall be submitted for all such change requests, including but not limited to change in unit size, configuration, location, requests for approval of change of management company, change in development team, and **transfer of ownership interest**.



### III. LIMITS ON ALLOCATION OF CREDITS.

The Code requires that ADFA determine “the [Housing Credit] dollar amount allocated to the development will not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the development and its viability as a qualified low-income housing development throughout the credit period.” Housing Credits will be limited to the amount the Authority, in its sole discretion, deems necessary. Housing Credits are not intended to provide the primary or principal source of financing for a development, but are intended to provide financial incentives sufficient to fill “gaps” which would otherwise exist in developing affordable rental housing for low-income households.

### IV. HOUSING CREDIT ALLOCATION STANDARDS.

#### A. AMOUNT

The base amount of annual credit authority is based upon population estimates released each year by the Internal Revenue Service.

The maximum amount of Housing Credits that may be reserved for allocation to one individual development shall be no more than **\$600,000** of the annual Housing Credits available in the calendar year. **HOWEVER**, the maximum amount of Housing Credits that may be reserved for allocation to one individual development: 1) that is located in a Designated Low-Income County as defined in the currently applicable State Consolidated Plan; 2) whose structure(s) are individually listed in the National Register of Historic Places or have been determined to contribute to a Registered Historic District; 3) that is a qualified Assisted Living development; or shall be no more than **\$625,000** of the annual Housing Credits available in the calendar year.

This restriction does not apply to applications for 4% Tax Credits/Multi-Family Bonds.

Pursuant to Section 42(d)(5)(B)(v) of the IRC, the Authority designates that the eligible basis of any qualified low-income new building will be increased by thirty (30%) if:

1. it is a building within a qualified Assisted Living development;
2. it is located in any low-income county designated in the currently applicable State Consolidated Plan;
3. it is funded in part by Rural Development; or
4. it is a building that ADFA determines needs the boost to be economically feasible. However, it is not available to any building that would already qualify for boost under 1, 2, 3 or 4 above. This boost will not apply to any noncompetitive 4% application.

#### B. SET-ASIDE.



1. **Non-Profit Set-Aside.** Not less than ten percent (10%) of the Housing Credits will be set aside for developments involving any qualified non-profit organization that meets the standards set forth in IRC § 42(h)(5)(C). The organization shall be a qualified non-profit organization, as defined in IRC § 501(c)(3) or § 501(c)(4), which is not affiliated with or controlled by a for-profit organization and has included in its Articles of Incorporation, as one of its tax-exempt purposes, the fostering of low-income housing. **The appropriate section of the MFHA (NON-PROFIT DETERMINATION)** shall be completed and copies of the non-profit organization's Articles of Incorporation and Internal Revenue Service ("IRS") documentation determining the organization exempt from federal income tax under IRC § 501(a) shall be included with the MFHA.

## V. ALLOCATION OF STATE HOUSING CREDITS.

Ark. Code Ann. § 26-51-1702 provides that a taxpayer owning an interest in a low-income development qualifying for Housing Credits will be eligible for State Housing Credits equal to twenty percent (20%) of the allocated federal amount. The State statute limits the allocation of State Housing Credits to \$250,000 in any one taxable year. Recognizing the limited availability of the State Housing Credits and with a desire to assign those credits where they are most needed, the applicant shall demonstrate need in the MFHA. Based on demonstrated need in the MFHA, the Authority will give an allocation of State Housing Credits to those developments as prioritized below:

1. Developments receiving an allocation of Housing Credits that are to be located entirely in any one of the low-income counties designated in the State Consolidated Plan will be awarded State Housing Credits equal to twenty percent (20%) of the applicable Federal Housing Credits.
2. In the event of a shortage of eligible developments in low-income counties designated in the Consolidated Plan, priority for State Housing Credits, equal to twenty percent (20%) of the applicable Federal Housing Credits, will be awarded to those qualified developments located within Qualified Census Tracts, beginning with the highest score under the scoring system set forth in the MFHA.
3. In the event of a shortage of eligible developments in low-income counties designated in the Consolidated Plan and eligible developments located within Qualified Census Tracts, priority for State Housing Credits, equal to twenty percent (20%) of the applicable Federal Housing Credits, will be awarded to developments located within counties identified herein as not having received an award of tax credits in the previous three (3) years, beginning with the highest score under the scoring system set forth in the MFHA.
4. To the extent that there are remaining State Housing Credits, the State Housing Credits will be allocated, equal to twenty percent (20%) of the applicable Federal Housing Credits, to remaining qualified developments until such time as

the available State Housing Credits are exhausted, with priority given to those developments with the highest scores under the scoring system set forth in the MFHA.

5. The Authority expects to allocate no less than ten percent (10%) of State Housing Credits to non-profit organizations.

The Authority will annually notify the Arkansas Department of Finance and Administration of those developments that have been allocated State Housing Credits. The Arkansas Department of Finance and Administration will be notified of any revocation of State Housing Credits.

## **VI. ALLOCATION OF AFFORDABLE NEIGHBORHOOD HOUSING TAX CREDITS.**

The Affordable Neighborhood Housing Tax Credit Act of 1997, (the "ANHTC Act"), codified at Ark. Code Ann. § 15-5-1301 *et seq.*, provides that any business firm engaging in the provision of affordable housing assistance activities in the State of Arkansas may be entitled to receive Affordable Neighborhood Housing Tax Credits ("ANHTCs"). "Affordable housing assistance activities" is defined to include any "money, real, or personal property expended or devoted to the construction or rehabilitation of affordable housing units developed by or in conjunction with any governmental unit or not-for-profit corporation." The ANHTC Act limits the total allocation of ANHTCs to \$750,000 in any taxable year.

The Authority and the Arkansas Department of Finance and Administration have determined that, in the best interest of affordable housing in Arkansas, "affordable housing assistance activities" must be devoted to those low-income housing developments which qualify for Housing Tax Credits pursuant to Section 42 of the Internal Revenue Code through the Authority's federal low-income housing tax credit or tax-exempt bond programs for residential rental housing. Thus, any business firm seeking allocation of ANHTCs must do so in conjunction with an MFHA for federal low-income housing tax credits or tax-exempt bonds to develop affordable housing units by or in conjunction with any governmental unit or not-for-profit corporation.

A proposal for ANHTCs must be submitted with the MFHA for federal low-income housing tax credits. In its MFHA for federal low-income housing tax credits, the applicant will include a commitment from each business firm providing "affordable housing assistance activities" to the proposed low-income housing development. Each such commitment must:

1. Be in writing and executed by an authorized representative of the business firm;
2. Identify the governmental unit or not-for-profit corporation to which the "affordable housing assistance activities" are committed;



3. Describe in detail the nature of the "affordable housing assistance activities" to be provided, *i.e.*, whether money, real or personal property, and how it will be devoted to the construction or rehabilitation of affordable housing units.

\* The ANHTC Act limits the amount of tax credits allowable to a business firm to thirty percent (30%) of the total amount invested. If the affordable housing assistance activity is other than money, the business firm must provide an appraisal certifying the value of the property invested.

If the business firm commits its "affordable housing assistance activities" to a governmental unit, a not-for-profit organization, or a "neighborhood organization", as defined within the ANHTC Act, which is not the applicant on the MFHA, the applicant must submit with its MFHA the following from such governmental unit, not-for-profit organization or "neighborhood organization":

1. Organizational documents including: a) Arkansas Articles of Incorporation; and b) Tax Exempt Status Determination Letter from the Internal Revenue Service;
2. A written statement describing its relationship with the applicant, *i.e.*, any ownership interest in the applicant or other relationship with the applicant;
3. A written statement describing in detail its commitment of the "affordable housing assistance activities" received from each business firm to the construction or rehabilitation of affordable housing units within the development proposed.

For each proposal of "affordable housing assistance activities" submitted with the MFHA, the applicant must certify in writing that it will expend or devote the "affordable housing assistance activities" committed to the construction or rehabilitation of affordable housing units within the development.

Based on demonstrated need in the MFHA, the Authority will give a priority allocation of ANHTCs to those developments that are in designated low-income counties under the State's Consolidated Plan submitted to the federal Department of Housing and Urban Development. The list of these counties is contained in the MFHA. The allocation of ANHTCs will be as follows:

1. Developments receiving an allocation of federal low-income housing tax credits that are to be located in any one of the low-income counties designated in the State Consolidated Plan, beginning with the highest score under the scoring system set forth in the MFHA;
2. In the event of a shortage of eligible developments in low-income counties designated in the Consolidated Plan, priority for ANHTCs will be given to those developments within Qualified Census Tracts, beginning with the highest score under the scoring system set forth in the MFHA;

3. To the extent that there are remaining ANHTCs, the remaining ANHTCs will be allocated to remaining qualified developments until such time as exhausted, beginning with the highest score under the scoring system set forth in the MFHA.

The Authority will reserve and allocate ANHTCs in conjunction with its reservation and allocation or issuance of federal low-income housing tax credits. With its issuance of IRS Forms 8609 for federal low-income housing tax credits, the Authority will issue a Certificate of Allocation certifying the amount of ANHTCs allocated to the business firm entitled to such allocation. The Authority will annually provide the Arkansas Department of Finance and Administration with a copy of each Certificate of Allocation for ANHTCs allocated that year. The Arkansas Department of Finance and Administration will be notified of any revocation of ANHTCs.

## **VI. COMPLIANCE.**

Applicants shall comply with all applicable federal, state and local laws, including but not limited to Section 42 of the Code. ADFA's Compliance Monitoring Policies and Procedures Manual for the Low-Income Housing Tax Credit Program may be obtained from ADFA's office, and may also be accessed at ADFA's website ([www.arkansas.gov/adfa](http://www.arkansas.gov/adfa)). Fair Housing manuals may be obtained from HUD's Little Rock office, and the Fair Housing Accessibility Guidelines may be accessed at HUD's website ([www.hud.gov](http://www.hud.gov)).

The owner will be required to prepare and submit to the Authority, no later than February 1 of each year following the first taxable year of the owner's credit period, an Owner's Certificate of Continuing Program Compliance which, among other certifications, certifies that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit other than as permitted under Section 42 of the Internal Revenue Code. The owner will also be required to prepare and submit to the Authority, no later than February 1 of each year following the first taxable year of the owner's credit period, the LIHTC Compliance Monitoring Status Report. Both the Certificate of Continuing Program Compliance and the LIHTC Status Report shall be submitted under penalty of perjury to the Authority in accordance with Internal Revenue Service procedures for monitoring compliance. The compliance monitoring procedures apply to all buildings placed in service in Arkansas that have received an allocation of Housing Credits as determined by Section 42 of the Code. Regular site inspections to monitor compliance with habitability standards, according to the Uniform Physical Conditions Standards established by the United States Department of Housing and Urban Development and ADFA design standards, will be carried out by the Authority at least once every three (3) years.

In the event the Authority becomes aware of non-compliance or upon the failure to submit a Certificate of Continuing Program Compliance, the Authority will notify the owner of the areas of non-compliance and the required timeframe to correct the deficiencies. There is a maximum of sixty (60) days to correct such non-compliance. Additionally, the Authority will

notify the IRS, as required, of any non-compliance or failure to certify no later than forty-five (45) days after the end of the allowed time for correction.

Frequent or consistent non-compliance of Applicant or any member of the development team in regard to the operation of any development may result in points reduction in the scoring of applications and/or suspension of the Applicant or development team member from applying for tax credits for a set term of time and/or compliance with conditions set forth by ADFA. Frequent or consistent non-compliance shall be determined in the sole discretion of ADFA and will include but not be limited to reports from ADFA's Compliance Department and IRS Form(s) 8823.

## **VII. MISCELLANEOUS MATTERS.**

A. Closing Requirements. The ADFA Board of Directors has delegated to the President of ADFA the authority to implement closing requirements that are financially prudent for each development awarded ADFA resources. Recipients will be notified of closing requirements as promptly as possible after notice of award(s). The standard list of information and documents required prior to closing is available on the ADFA website. The President has the authority and discretion to add, modify or waive requirements.

B. Partnership Documentation. Tax credit recipients must provide ADFA with a copy of the executed partnership agreements, including, but not limited to, the Initial Partnership Agreement, the Amended and Restated Limited Partnership Agreement or Operating Agreement promptly upon its execution.

## **VIII. CLARIFICATIONS.**

The Authority is charged with allocating no more Housing Credits to any given development than is required to make that development economically feasible. This decision shall be made solely at the discretion of the Authority, but in no way represents or warrants to any sponsor, investor, lender or anyone else that the project is, in fact, feasible or viable.

ADFA's review of documents submitted in connection with the allocation is for its own purposes. ADFA makes no representations to the owner or anyone else as to compliance with the Code, Treasury regulations, or any other laws or regulations governing Housing Credits. The applicant and owner of the development are responsible for understanding and following all applicable tax law requirements for the development.

No director, officer, agent or employee of ADFA shall be personally liable concerning any matters arising out of, or in relation to, the award or allocation of Housing Credits, the rejection of any MFHA for housing credits, the award or lack of award of any other ADFA-administered resource whether federal or state in origin, the closing of any awarded funds or lack of closing, or the failure of a development to comply with federal, state or local laws, regulations, or other governing instruments, or the recapture of any credits or funds from any



development, or the failure of any development to remain financially feasible, or the failure of any development to meet federal, state, or local deadlines.

ADFA reserves the right to amend this Qualified Allocation Plan as necessary to prudently administer ADFA-administered funds or to comply with state or federal law. ADFA reserves the right to adopt rules ancillary to this Qualified Allocation Plan as necessary to prudently administer ADFA-administered funds. ADFA reserves the right to make any and all necessary technical changes to this Qualified Allocation Plan as circumstances may warrant. ADFA reserves the right to do or require all things necessary or convenient to carry out its purposes, pursuant to Ark. Code Ann. Section 15-5-207(b)(20)(A) and Ark. Code Ann. Section 15-5-207(b)(26).

It is the policy of ADFA to prohibit applicants from contacting ADFA staff in any manner regarding any application after submission of application and during the ADFA review period, unless ADFA staff has initiated contact for clarification of material or questions pertinent to application underwriting. ADFA review period concludes when the ADFA Board of Directors approve successful applicants. Violations of this policy will be brought to the attention of the Board Housing Review Committee and could result in a downgrade to the final scoring, rejection of the application from consideration for an award of federal or state housing credits, or suspension or disqualification from the ADFA housing tax credit program.

The provision of these policies and procedures shall apply to any multi-family housing program administered or multi-family housing transaction funded by ADFA. ADFA retains the right to suspend for good cause any entity who does not exhibit the capacity to effectively administer, manage, and/or utilize resources provided by ADFA to further affordable housing in Arkansas. By action of ADFA's Board of Directors dated August 21, 2003, the President of ADFA shall have full authority to suspend for good cause persons or organizations from participation in ADFA housing programs. Any appeal of such suspension shall be presented in writing to the ADFA President for possible consideration. The appeal shall provide written justification for the appeal request. The President of ADFA shall review the written appeal request and make a recommendation to the ADFA Board Housing Review Committee as to the merits of the justification provided in the appeal request. The decision to allow any appeal of suspension shall reside with the Board Housing Review Committee, which will set the time, date, terms, and requirements associated with any appeal process granted by the ADFA Board Housing Review Committee.

Adopted by the Board of Directors of the Arkansas Development Finance Authority on this the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

By: \_\_\_\_\_  
Dr. Richard Burnett, Chairman

ATTEST:

\_\_\_\_\_  
Aaron S. Burkes, President/Secretary



# **Arkansas Development Finance Authority Board of Directors' Audit Committee**

October 20, 2016

Bessie Moore Conference Room  
Second Floor  
900 West Capitol  
Little Rock, AR

**Called to Order:** Committee Chair John Cooley called the Board Audit Committee to order at 10:52 a.m.

**Committee Members Present:** John Cooley, Anthony Brooks, Sarah Capp, Stan Green and Tom Spillyards.

**Other Board Members Present:** Charley Baxter, Dr. Richard Burnett, Stephen Rose, Gregory Stanfill and Paul Louthian (designee for Arkansas Department of Finance and Administration).

**Staff Members Present:** Aaron Burkes, Patrick Patton, Cheryl Schluterman, Ben Van Kleef, Robert Arrington, Debbie Gentry, Judy Brummett, Kristy Cunningham, Katherine Hall, Kim Poposky, Hope Lewis, Tracy Green, Paula Farthing, Cathy Gannaway, Murray Harding, Barbara Whittaker, Charles Lynch, Ruby Dean and Susan Gardner.

**Others Present:** Ken Rossi, Andy Richards and Micah Osborne, all from BKD.

**Minutes from the September 15, 2016 Meeting of the Board Audit Committee:** The members of the committee approved the minutes from the previous meeting of the Board Audit Committee.

**Discussion Surrounding the Internal Audit of the HOME Department:** Patrick Patton presented the internal audit of the HOME Department noting five findings of which none were considered material. The members of the Audit Committee approved the report unanimously.

**Discussion Surrounding the Internal Audit of the Investment Department:** The Audit Committee members unanimously approved the audit findings for the Investment Department presented by Patrick Patton.

**Discussion of BKD Audit Draft Reports -** Including: (A) ADFA Audit Letter; (B) State of Arkansas Construction Assistance and Safe Drinking Water Revolving Loan Funds Audit Letter; (C) ADFA Financial Statements; (D) ADFA Single Audit; (E) State of Arkansas Safe Drinking Water Revolving Loan Fund Program Financial Statements; (F) State of Arkansas Drinking Water Revolving Loan Fund Program Single Audit; (G) State of Arkansas Construction Assistance Revolving Loan Fund Program Financial Statements; and (H) State of Arkansas Construction Assistance Revolving Loan Fund Single Audit. Mr. Rossi, Mr. Richards and Mr. Osborne discussed various aspects of the 2016 BKD audit reports. These reports were approved unanimously by the Audit Committee as no significant deficiencies were found.

ADFA Board Audit Committee

October 20, 2016

Page 2

**Executive Session:** At 11:40 a.m. all staff members left and board members went into executive session.

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Aaron Burkes

President

Arkansas Development Finance Authority

# Special Report

Arkansas Legislative Audit

## Review of Investment Activity Related to the Venture Capital Investment Act of 2001 Arkansas Development Finance Authority

For the Period April 19, 2001 through December 31, 2015



### INTRODUCTION

The Venture Capital Investment Act of 2001 (the Act) authorized the Arkansas Development Finance Authority (ADFA) to increase the availability of funding for high-risk, emerging businesses that may not be able to obtain conventional financing for the purpose of strengthening the State's economic base. The Act required ADFA to select a private investor group to raise and invest capital within the terms of the Act. ADFA pursued this activity through the creation of the Arkansas Venture Capital Investment Trust (Trust) and the Trust's subsequent creation of the Arkansas Institutional Fund (AIF). The Trust's investment activities related to the Act were administered through AIF by a contracted investment manager and financed by a line of credit from a financial institution. This line of credit was secured, first, by \$10 million from the ADFA Bond Guarantee Reserve Fund and, second, by \$60 million in transferable state income tax credits. This report is issued at the request of the Legislative Joint Auditing Committee to review the Trust's investment activities related to the Act. At December 31, 2015, the net position of the related investment activities was negative \$7.6 million. Again, this report only discusses the Trust's investment activities related to AIF and does not include the other financial activities of the Trust.

### OBJECTIVES

The objectives of this report were to:

- Provide detail regarding fees and bonuses paid to the Trust's AIF contracted investment manager.
- Review activity related to the Trust's current line of credit with a financial institution used to fund investments encouraged by the Act.
- Review the investment activities of the Trust as related to the Act.
- Provide the status of the \$60 million in transferable state income tax credits issued to guarantee activities of the Trust authorized by the Act.
- Describe the current status and recently reorganized management structure of the Trust's investments as related to the Act.

### SCOPE AND METHODOLOGY

The review was conducted from the passage of the Venture Capital Investment Act of 2001 through December 31, 2015. Arkansas Legislative Audit (ALA) staff analyzed related Arkansas Code, ADFA records, and financial audit reports and conducted interviews with ADFA personnel.

#### ARKANSAS LEGISLATIVE AUDIT

500 Woodlane Street, Suite 172, Little Rock, AR 72201

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[www.arklegaudit.gov](http://www.arklegaudit.gov)

Report ID: SPSA01616

Report Date: October 24, 2016



The methodology used in preparing this report was developed uniquely to address the stated objectives; therefore, this report is more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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## **BACKGROUND**

The Arkansas Development Finance Authority (ADFA) was created by Act 1062 of 1985, which dissolved the former Arkansas Housing Development Agency and transferred all its powers and duties to ADFA. ADFA's primary role is to provide affordable public financing through the issuance of tax-exempt bonds and other debt instruments for needed projects, primarily in the areas of economic development, homeownership, and affordable rental housing.

The Arkansas Venture Capital Investment Act of 2001 (the Act) was enacted with the stated purpose of increasing the availability of "capital for emerging, expanding, relocating, and restructuring enterprises in the state...to help strengthen the state's economic base and create jobs." To meet the objectives of the Act, a public trust was created. The Arkansas Venture Capital Investment Trust (the Trust) was created for the purpose of holding the ownership of investments related to the Act. According to ADFA, this step was necessary to comply with the Arkansas Constitution, which prohibits the State from owning equity in a corporation (Ark. Const. art. 12, § 7). Ark. Code Ann. §§ 28-72-201 – 28-72-207 provides the authority for the creation of public trusts. ADFA is designated as the beneficiary and serves as the administrator of the Trust. Trustees consist of the following:

- ADFA President.
- Department of Finance and Administration (DFA) Director.
- Arkansas Economic Development Commission Executive Director.

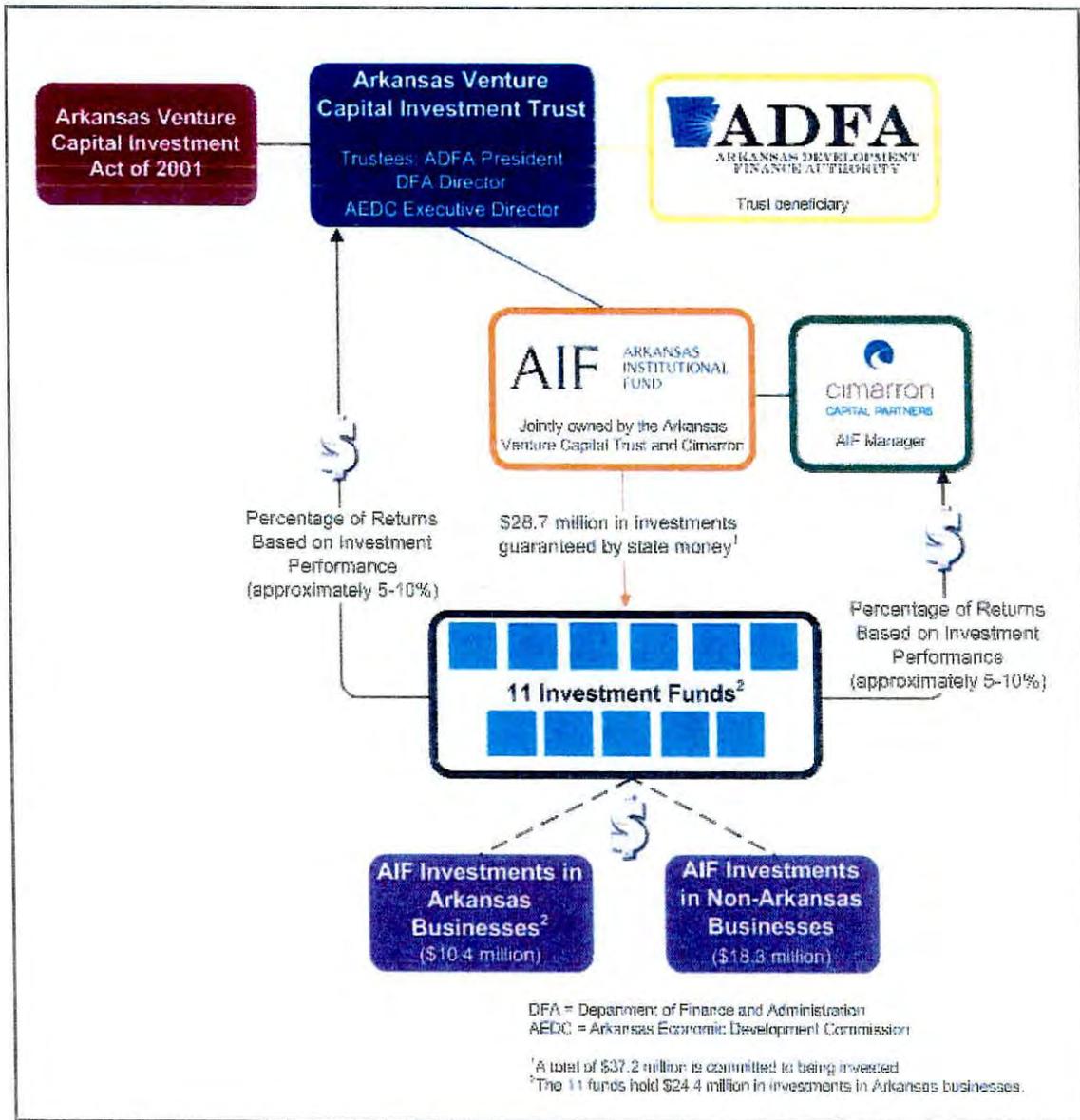
In 2002, ADFA selected an investment management firm, Cimarron Capital Partners, LLC (Cimarron), through the State's Request for Proposal (RFP) process, to identify investment opportunities for the Trust related to the Act. Subsequently, the Trust formed Arkansas Institutional Fund, LLC (AIF), a joint limited liability corporation, with Cimarron. Returns on investment in AIF are shared between the Trust and Cimarron based on mutually agreed-upon percentages of tiered returns. Cimarron's share of returns ranges from approximately 5% to 10% based on investment performance. This relationship is illustrated in **Exhibit I on page 2**.

A line of credit (current maximum borrowing capacity of \$43.5 million) was established with a financial institution to provide cash for AIF's investment activities, with the expectation that returns on the investments would eventually (a) diminish the necessity of the line of credit, (b) eliminate the potential need for the sale of the tax credits, and (c) produce growth in Arkansas enterprises at no direct cost to taxpayers. The state assets pledged to obtain the line of credit total \$70 million. The \$70 million in collateral consists of \$10 million from the ADFA Bond Guaranty Reserve Account and \$60 million in transferable state income tax credits authorized by the Act. The line of credit balance as of December 31, 2015, was \$24.2 million and has a \$43.5 million maximum borrowing capacity. To date, no collateral has been expended.

As of December 31, 2015, ADFA terminated Cimarron as fund manager of AIF. The Trust was named the replacement fund manager of AIF and began the process of forming a new LLC for

Exhibit I

Activity Related to the Venture Capital Investment Act of 2001  
 April 19, 2001 through December 31, 2015



Source: Arkansas Development Finance Authority (unaudited by Arkansas Legislative Audit)

future investment activities of the Trust related to the Act. The Trust does not have staff. Thus, the Trust is in the process of finalizing an administrative services agreement with ADFA that will outline specific tasks ADFA will perform on behalf of the Trust. Ownership of investments made by AIF prior to 2016 continue to be shared with Cimarron as outlined in the AIF agreement between ADFA and Cimarron in the event the fund manager was ever terminated.

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## **INVESTMENT MANAGER FEES AND BONUSES**

In 2002 and again in 2009, ADFA selected Cimarron as the investment manager of its venture capital activities through the State's RFP process. Compensation to Cimarron, outlined in the contract, consisted of a \$350,000 annual management fee payable in quarterly installments as well as the following performance-related bonuses:

- **In-State Investment bonus:** \$5,000 payable for every \$500,000 (or 1%) of venture capital invested directly or indirectly in or from an Arkansas business. This bonus is capped at a maximum of \$65,000 per year, with any additional bonuses earned carried forward to the next year. No additional bonuses related to in-state investment are expected to be paid to Cimarron.
- **Business Plan Development bonus:** A one-time bonus of \$200,000, paid in 2004, upon delivery of a completed startup business plan specifying AIF's mission and goals, investment and strategic objectives, target asset allocation, marketing plan, proposed funding mechanism, and budget.
- **Funding Mechanism bonus:** A one-time bonus of \$50,000 (of a maximum \$200,000), paid in 2005, upon delivery of closing documents on initial funding from a line of credit and the commitment of a financial institution to purchase the state tax credits.

In addition, Cimarron retains part ownership in the investments made with AIF funds and receives approximately 5% to 10% of AIF's net earnings through shared ownership with the Trust based on a tiered plan. Conversely, Cimarron is contractually limited to maximum investment losses of \$100,000. As shown in **Schedule 1 on pages 8 and 9**, annual management fees and performance bonuses paid to Cimarron from AIF's start up in 2003 through December 31, 2015, totaled \$5.1 million (approximately \$4.2 million for management fees, \$824,990 for bonuses, and \$103,000 in shared net earnings). Additional management fees may have been paid during AIF's start-up phase; however, these fees could not be determined, according to current ADFA management, due to the routine destruction of financial records over time.

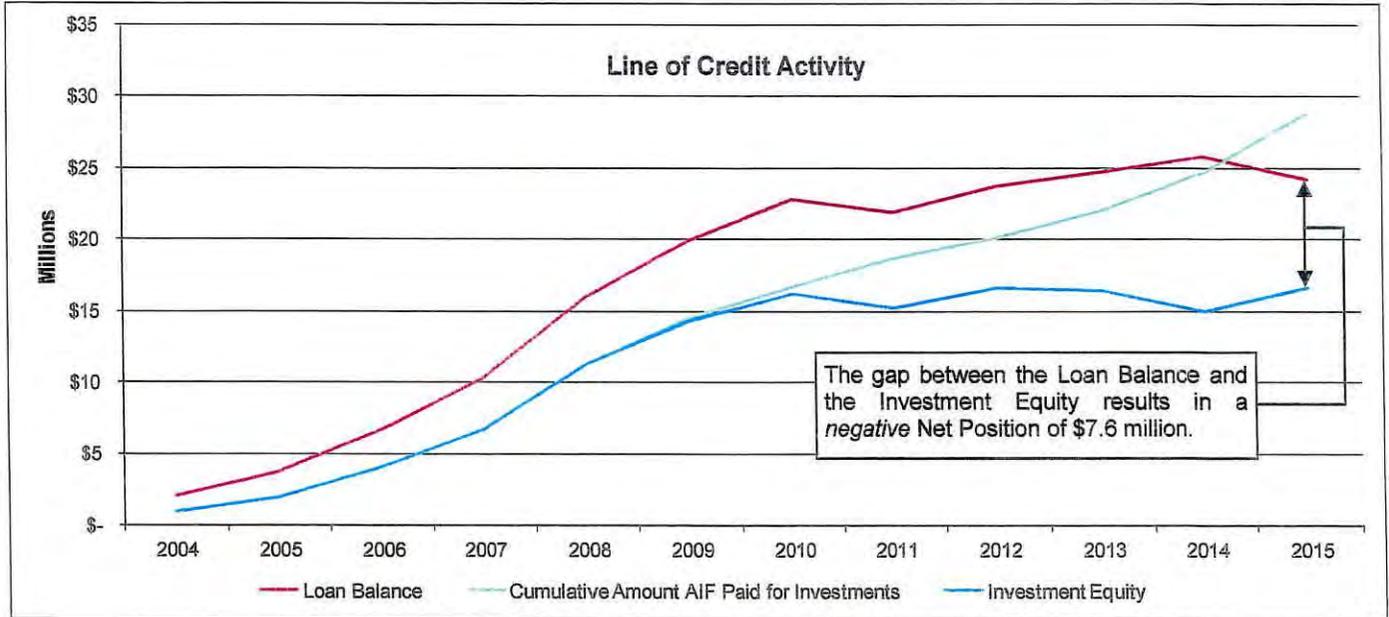
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## **LINE OF CREDIT ACTIVITY**

At December 31, 2015, the AIF line of credit with a financial institution had a maximum borrowing limit of \$43.5 million and a drawn balance of \$24.2 million. The line of credit is collateralized by two sources: \$10 million from ADFA's Bond Guaranty Reserve Account and \$60 million in transferable state income tax credits authorized by the Act. Funds from the line of credit were used to make investments related to the Act, pay investment manager fees related to AIF, and make accrued interest payments on withdrawals against the line of credit. As detailed in **Exhibit II on page 5**, at year end, \$24.2 million had been drawn against the \$43.5 million line of credit. As designed, when AIF investments return capital and distribute earnings, that money is used to pay down the balance drawn on the line of credit.

Exhibit II

Arkansas Institutional Fund (AIF)  
Line of Credit Activity and Net Position  
At Calendar Year-End 2004 through 2015



Calculation of Net Position

Investments made by AIF through December 31, 2015	\$28,743,922
Less Return of Capital	(7,999,555)
Less Investments Impaired	(4,128,539)
Investment Equity	16,615,828
Less Loan Balance at December 31, 2015	(24,228,567)
Net Position of Investments	(\$7,612,739)

Source: Arkansas Development Finance Authority (unaudited by Arkansas Legislative Audit)

At December 31, 2015, the interest rate on the line of credit was 2.95%. The current interest rate is based on the London Interbank Offered Rate (LIBOR), a widely-used benchmark for short-term interest rates, plus 2.25%, with a minimum of 2.95% regardless of LIBOR. The highest rate incurred was 6.75% in 2006. From 2003 through 2015, interest expense totaled \$6.5 million.

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## **FUND INVESTMENT ACTIVITY**

AIF invests in venture capital investment funds using a “Fund of Funds” model to reduce investment risk. This model works much like a mutual fund: Money from multiple investors is pooled into funds that, in turn, invest in stocks or similar assets. AIF has invested or committed to invest in 11 such funds that then invest in the stock of private operating companies, as illustrated in **Exhibit I on page 3**, and these investment funds have pledged to seek to invest in Arkansas businesses as opportunities arise but without specific requirements for investments in the State.

At December 31, 2015, AIF had invested \$28.7 million and committed to invest a total of \$37.2 million in these 11 venture capital investment funds, identified in **Schedule 2 on page 10**. As of December 2015, 7 of these 11 investment funds had directly invested \$24.4 million in Arkansas businesses. Investments from these 7 funds create the potential for additional investments and loans for Arkansas businesses that might not have been available otherwise. Through fiscal year 2014, Cimarron estimated that \$32.9 million in additional investments and \$19.5 million loans were made available to Arkansas companies as a result of AIF investments. **Schedule 3 on page 11** provides a listing of Arkansas companies receiving AIF investments at December 31, 2014.

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## **TRANSFERRABLE STATE INCOME TAX CREDITS**

As previously discussed, to provide initial cash resources for investments, AIF obtained a line of credit from a financial institution, with \$10 million collateralized by ADFA’s Bond Guaranty Reserve Account (Bond Account) and \$60 million guaranteed by transferable state income tax credits. The use of future tax credits as collateral was intended to eliminate the immediate negative impact of income tax credit claims against state revenues.

The Bond Account was created by Act 505 of 1985 to enhance the creditworthiness of debt instruments guaranteed by ADFA. The program’s revenue is derived from (a) guaranty fees collected, (b) interest earned on investments, and (c) proceeds from the sale of development revenue bonds. AIF pays the ADFA Bond Guaranty Fund \$50,000 per year as compensation for the use of the Bond Account as collateral.

If AIF incurs losses and is unable to increase the line of credit to cover losses, the Bond Account is responsible for covering the first \$10 million in losses. The transferable state income tax credits may then be sold to cover any additional losses. The Act limits the amount of related credits that can be sold to \$10 million per state fiscal year. ADFA has established purchase contracts with several Arkansas income tax payers to purchase the credits at par value and also has the ability to competitively market the credits, if necessary.

If the venture capital investments were required to be liquidated, their market value would be difficult to ascertain due to their volatility and the relative illiquid nature of the investments. However, the worst case scenario would result in 100% loss of investment value. Based on 2015 amounts, the State would realize a maximum loss over time to General Revenue of \$14.2 million (AIF liabilities of \$24.2 million less \$10 million secured by the Bond Account), not to exceed \$10 million per fiscal year.

## CURRENT STRUCTURE OF THE FUND

As previously stated, ADFA terminated Cimarron as fund manager of AIF on December 31, 2015. The Trust was named the replacement fund manager of AIF and began the process of forming a new LLC for future investment activities related to the Act. The Trust is in the process of finalizing an administrative services agreement with ADFA that will outline specific tasks ADFA will perform on behalf of the Trust. Ownership of investments made by AIF prior to 2016 continue to be shared with Cimarron as outlined in the AIF agreement between ADFA and Cimarron in the event the fund manager was ever terminated.

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## CONCLUSION

The Act was successful in bringing new venture capital funds to Arkansas. To date, the use of the Bond Account and transferable state income tax credits as collateral to establish a line of credit to provide initial cash for investments has been successful in minimizing the cost of the investments to the State. In addition, no collateral has yet been expended. However, four areas of concern are identified below.

1. If the performance of AIF investments does not continue to improve, the solvency of the Trust will become at-risk. The current maximum borrowing capacity of the line of credit (\$43.5 million) has not been reached, thus allowing the Trust or its agent to seek additional Arkansas investments and continue to pay investment manager fees and interest expenses with proceeds from the line of credit. However, if investment returns do not improve over the long-term, the line of credit will be exhausted, resulting in the call on the line of credit's collateral, the sale of the corresponding tax credits, and fewer General Revenue dollars for the State's operations.
2. The contract with Cimarron has proven not to be as advantageous for the State as it has for Cimarron. In exchange for Cimarron's services (i.e., establishing a line of credit with a financial institution and directing investment dollars to 11 venture funds), AIF paid Cimarron \$5.1 million in manager fees and bonuses from January 1, 2003 through December 31, 2015. In addition, Cimarron has retained part ownership in the investments made by AIF, with the percentage of returns based on investment performance (ranging from 5% to 10%), and contractually limited Cimarron's share of investment losses to \$100,000. The result of Cimarron's efforts left AIF with a \$24.2 million bank loan at December 31, 2015, and investment equity of \$16.6 million, for a net position of *negative* \$7.6 million.
3. ADFA was created and is funded by the General Assembly. The Trust was created by ADFA, and the trustees of the Trust are appointed based upon the positions they hold as state employees. The Trust created AIF. Therefore, ADFA's investment relationship with AIF through the creation of the Trust and ADFA's subsequent assumption of administrative and investment management services of AIF under the direction of the Trust may conflict with Ark. Const. art. 12, § 7, which prohibits the State from owning equity in a corporation. ALA staff recommend ADFA seek an Attorney General's opinion regarding the propriety of this relationship.
4. A potential \$60 million contingency exists to the State resulting from transferable tax credits created by the Act. These transferable tax credits will only be executed in the event that AIF incurs losses that are not covered by its line of credit or by \$10 million from ADFA's Bond Guaranty Reserve Account. The Act also limits the amount of related credits to \$10 million per year. DFA has already disclosed this potential contingency in the notes to the financial statements of the DFA departmental audit and also plans to disclose it in the State's Comprehensive Annual Financial Report.

**Arkansas Institutional Fund (AIF)**  
**Investment Returns and Related Expenses**  
**January 1, 2003 through December 31, 2015**

Calendar Year	Amount AIF Paid for Investments	Return of Capital	Investment Impairment	Cumulative Net Investment Equity at Dec 31	Investment Income <i>(Note 2)</i>	Investment Manager Annual Fees
	a	b	c	d = a - b - c	e	f
2003						(Note 1)
2004	\$ 880,000			\$ 880,000		\$ 350,000
2005	997,000			1,877,000		350,000
2006	2,143,500			4,020,500		350,000
2007	2,719,245			6,739,745		350,000
2008	4,586,875			11,326,620		350,000
2009	3,219,313	\$ 199,997		14,345,936		350,000
2010	2,131,250	249,247		16,227,939		350,000
2011	1,988,538	2,973,811		15,242,666	\$ 1,005,346	350,000
2012	1,441,000	19,104		16,664,562	872,352	350,000
2013	1,883,044	915,649	\$ 1,172,058	16,459,899	1,267,352	350,000
2014	2,696,908	1,566,790	2,644,537	14,945,480	1,421,132	350,000
2015	4,057,249	2,074,957	311,944	16,615,828	4,786,576	350,000
<b>Totals</b>	<b>\$ 28,743,922</b>	<b>\$7,999,555</b>	<b>\$4,128,539</b>	<b>\$16,615,828</b>	<b>\$9,352,758</b>	<b>\$4,200,000</b>

Continued on page 9

Arkansas Institutional Fund (AIF)  
Investment Returns and Related Expenses  
January 1, 2003 through December 31, 2015

Investment Manager Bonuses Earned <i>(Note 3)</i>	Interest Expense	Total Investment Related Expenses	Investment Income Less Related Expenses	Loan Balance at Dec 31	Interest Rate
g	h	i = f + g + h	j = e - i	k	l
\$ 200,000		\$ 200,000	(\$ 200,000)		
8,000	\$ 52,763	410,763	(410,763)	\$ 2,093,048	3.54%
59,502	270,169	679,671	(679,671)	3,716,608	5.54
18,500	496,806	865,306	(865,306)	6,708,950	6.75
13,000	658,422	1,021,422	(1,021,422)	10,329,431	5.93
8,500	515,053	873,553	(873,553)	16,037,798	2.14
87,768	236,993	674,761	(674,761)	19,893,371	2.50
58,977	571,060	980,037	(980,037)	22,820,262	3.00
37,500	757,120	1,144,620	(139,274)	21,947,283	2.95
190,535	640,806	1,181,341	(308,989)	23,772,976	2.95
34,437	759,419	1,143,856	123,496	24,766,830	2.95
36,721	754,546	1,141,267	297,865	25,782,207	2.95
71,550	756,960	1,178,510	3,608,066	24,228,567	2.95
<b>\$824,990</b>	<b>\$6,470,117</b>	<b>\$11,495,107</b>	<b>(\$2,142,349)</b>	<b>\$ 24,228,567</b>	

**Note 1:** Additional management fees may have been paid prior to 2004; however, according to current management, these fees could not be determined due to the routine destruction of records over time.

**Note 2:** The fiscal year 2015 amount includes \$103,000 in Cimarron investment income.

**Note 3:** The bonus is capped at a maximum of \$65,000 per year, with any additional bonuses earned carried forward to the next year.

**Note 4:** Indirect revenues and expenses (e.g., bond guarantee and professional fees) are not included because they are immaterial.

**Note 5:** Investment income loss of \$2.1 million plus investment impairments of \$4.1 million plus approximately \$600,000 in annual bond guarantee fees paid by AIF to ADFA (\$50,000 x 12 years) plus approximately \$800,000 in other expenses (e.g., legal and audit fees) equals the *negative* \$7.6 million net position reported in **Exhibit II** on page 5.

*Source: Arkansas Development Finance Authority (unaudited by Arkansas Legislative Audit)*

**Arkansas Institutional Fund (AIF)**  
**Amounts Invested and Committed to Invest in Venture Capital Funds**  
**At December 31, 2015**

<b>Venture Capital Fund Name</b>	<b>Total AIF Investment in Venture Capital Fund</b>	<b>Total AIF Committed to Invest in Venture Capital Fund</b>	<b>Total Venture Capital Funds Invested in Arkansas Businesses</b>	<b>Maximum Amount AIF invested in Arkansas Businesses</b>
Fulcrum Growth Fund QP II, LLC	\$ 3,187,051	\$ 4,000,000		
Fund for Arkansas Future, LLC	100,000	100,000	\$ 5,546,958	\$ 100,000
Fund for Arkansas Future II, LLC	80,000	100,000	3,378,099	80,000
MB Venture Partners, LLC	4,000,000	4,000,000		
Meritus Ventures, LP	2,000,000	2,000,000	1,393,090	1,393,090
Noro-Moseley Partners VI, LP	5,000,000	5,000,000	4,156,667	4,156,667
Noro-Moseley Partners VII, LP	1,875,000	5,000,000		
Petra Growth Fund II	2,250,000	4,500,000	5,168,154	2,250,000
Prolog Capital Partners II, LP	4,463,520	4,500,000		
SSM Venture Partners III	3,720,000	4,000,000	800,000	800,000
Technology Operators Fund II	2,068,351	4,000,000	4,000,000	2,068,351
<b>Totals</b>	<b>\$28,743,922</b>	<b>\$37,200,000</b>	<b>\$24,442,968</b>	<b>\$10,848,108</b>

*Source: Arkansas Development Finance Authority (unaudited by Arkansas Legislative Audit)*

**Arkansas Institutional Fund (AIF)**  
**Investments in Arkansas Businesses at December 31, 2014**

Company Name	City	Description
BRI/Mach	Bentonville	open price point goods supplier
Red Clay	Bentonville	crowd sourced product design
Arkansas Automatic Sprinklers	Cabot	fire protection sprinklers
Acumen Brands	Fayetteville	retail ecommerce websites
BioDetection - Vir, Inc.	Fayetteville	pathogen detection device
BlueInGreen	Fayetteville	water purification systems
Btiques	Fayetteville	web hub for boutique shops
DataRank (TTAG)	Fayetteville	social analytics for products
Duralor (Note 1)	Fayetteville	nano particle coatings
Movista (Merchant View)	Fayetteville	IT systems for retailers
NanoMech - Vir, Inc.	Fayetteville	nano manufacturer
Qbox (StackSearch)	Fayetteville	web data search and analytics
SFC Fluidics - Vir, Inc.	Fayetteville	microfluidic instrumentation
The Ark	Fayetteville	business incubator/accelerator
The Ark II	Fayetteville	business incubator/accelerator
Vegrandis - Vir, Inc. (Note 2)	Fayetteville	medical diagnostic device
Balm Innovations	Little Rock	skin care products
Bourbon and Boots	Little Rock	internet retailer
Ceton	Little Rock	cable TV hardware and software
Collision Hub	Little Rock	auto collision industry web
EZRA Innovations	Little Rock	drug development technology
Infusion Marketing	Little Rock	bank cross marketing
Labscoop	Little Rock	sales of lab equipment
Rx Results	Little Rock	prescription management
Treatsie	Maumelle	internet curated food collections
National Medical Solutions	Pine Bluff	wound care clinic
Vivione Biosciences	Pine Bluff	bioscience
WellNow Urgent Care	Searcy	health care clinics
Patriot BioFuels	Stuttgart	bio fuel producer
<b>Note 1:</b> Merged into NanoMech in 2010		
<b>Note 2:</b> Merged into SFC Fluidics in 2012		

*Source: Arkansas Institutional Fund (AIF) Annual Report - January 1, 2014 through December 31, 2014 (unaudited by Arkansas Legislative Audit)*



ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
Board of Directors' Professional Selection Committee

September 15, 2016

Bessie Moore Conference Room  
Second Floor  
900 West Capitol  
Little Rock, Arkansas

=====

Called to Order: Committee Chair John Cooley called the meeting of the Board Professional Selection Committee to order at 10:44 a.m.

Committee Members Present: John Cooley, Stan Green, Sara Capp and Stephen G. Rose.

Committee Member Absent: Charley Baxter.

Staff Members Present: Aaron Burkes, Robert Arrington, Patrick Patton, Brad Henry, Cheryl Schluterman, Judy Brummett, Derrick Rose, Jack Bell, Debbie Gentry, Kristy March, Katherine Hall, Kim Poposky, Hope Lewis, Tracy Green, Paula Farthing, Cathy Gannaway, Latryce Long, Netta Hemingway, Barbara Whittaker, Charles Lynch, Ruby Dean, Kay Mallett, Missy Burroughs and Kim Henderson.

Minutes: Minutes from the August 18, 2016 meeting of the Board Professional Committee approved were unanimously approved.

Discussion Surrounding the ADFA Professional Term Expirations: The members of the committee approved the extension of one year for the Liquidity Provider - State Street - subject to determine options and if it is absolutely necessary to make the extension for one year.

Adjournment: There being no additional business to be brought before the ADFA Board of Directors' Professional Committee, the meeting adjourned at 10:53 a.m.

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Aaron Burkes  
Arkansas Development Finance Authority  
President

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**  
**ADFA PROFESSIONAL TERM EXPIRATIONS**  
 Updated 11/17/16

<u>Service Provided</u>	<u>Expiration</u>	<u>Served Since</u>	<u>Last RFPed</u>
Single Family Trustee (Simmons)	1995 Indenture		
Single Family Trustee (Simmons)	2009 indenture	2009	2009
Single Family Underwriter (Stephens/First Southwest)	December 2016	2004	2009
Single Family Bond Counsel (Hawkins Delafield & Wood)	September 2017	2000	2015
Single Family Master Servicer (U.S. Bank)	August 2017	2000	2011
Econ. Dev. Guaranty Trustee (Simmons)	January 2018	2015	2015
Econ. Dev. Guaranty Underwriter (OPEN)	2015 Pool		2015
Econ. Dev. Guaranty Bond Counsel (Mitchell Williams)	January 2018	2002	2015
<b>External Auditor (BKD)</b>	<b>OPEN RFP</b>	<b>2003</b>	<b>2011</b>
Issuers Counsel (A)	March 2017	2013	2013
<b>Financial Advisor (First Southwest a Division of Hilltop Securities)</b>	<b>Extend to January 2018</b>	<b>2001</b>	<b>2016</b>
Arbitrage Rebate Analyst (Bondlogistix/Hawkins/T & T)	September 2017	2007	2014
Escrow Verification Services (T&T/The Arbitrage Group)	September 2017	2007	2012
<b>Loan Servicing Counsel (B)</b>	<b>Extend to December 2017</b>	<b>2006</b>	<b>2012</b>
Liquidity Provider (State Street)	October 2017		
<b>Construction Inspector (C)</b>	<b>OPEN RFP</b>	<b>2012</b>	<b>2012</b>
<b>Arkansas Natural Resource Commission (ANRC): Financial Advisor (First Southwest a Division of Hilltop Securities)</b>	<b>Extend to December 2017</b>	<b>2007</b>	<b>2013</b>
Program/Indenture Counsel (Friday Eldredge & Clark)	February 2017	2013	2013
(A)	Williams & Anderson, Kutak Rock, Mitchell Williams, Friday Eldredge & Clark, Rose Law Firm, Pugh Jones & Johnson, Hawkins Delafield & Wood, Wright, Lindsey & Jennings, Smith Hurst and Jamie Fugit (PPGMR)		
(B)	Jim Dowden, Dyke Henry, Quattlebaum Grooms Tull, Mitchell Williams, Kutak Rock and Jack Nelson Jones		
(C)	<del>Den Hodges</del> , Gary Somerville, Issac Ross, Reggie Wright and Lowell Comer		

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY (ADFA)**  
**MEETING OF THE BOARD INVESTMENT & ADMINISTRATION COMMITTEE**  
**(IAC)**  
**OCTOBER 20, 2016**  
**11:30 A.M.**

**Board Investment & Administration Committee members present:** Greg Stanfill, Stan Green, Anthony Brooks and Seth Mims

**Other Board Members present:** Dr. Richard Burnett, Tom Spillyards, Paul Lothian (Designee - DF&A), Sarah E. Capp, Stephen Rose and John Cooley

**ADFA staff present:** Aaron Burkes, Cheryl Schluterman, Charlie Lynch, Patrick Patton, Debbie Gentry, Kristy Cunningham, Katherine Hall, Paula Farthing, Kim Poposky, Hope Lewis, Judy Brummett, Cathy Ganaway, Kim Henderson, Missy Burroughs, Brad Henry, Netta Hemingway, Ruby Dean, Kay Mallett, Latryce Long, Susan Gardner and Murray Harding

**Others present:** Glenda Dean and Chuck Tlapek with Simmons Bank were also in attendance

**Minutes:** A motion was made to approve the minutes from the September 15, 2016 meeting and seconded. Motion passed.

**Bond Guaranty Presentation**

Chuck Tlapek presented an investment portfolio report highlighting the status of ADFA's Bond Guaranty portfolio. He also gave a brief update on current economic conditions and issues that could occur in the upcoming months that would change the direction of interest rates.

**Adjournment:** There being no further business, the meeting was adjourned.

\_\_\_\_\_  
Aaron Burkes, President and Secretary  
Arkansas Development Finance Authority

Simmons First Trust Company, N.A.  
Corporate Trust Department  
501 Main Street  
Pine Bluff, AR 71611

**DEPFA BANK plc**  
Name: Sean Roe  
Phone: +1 646 666 4730  
E-Mail: sean.roe@depfa.com

15 September 2016

**Re: Assignment of Investment Agreement from San Sabia Capital Corporation to Depfa  
ACS Bank**

Dear Sir/Madam,

We refer to the Investment Agreement dated as of October 11, 2007 entered into by and between San Sabia Capital Corporation (the "Provider") and Simmons First Trust Company, N.A. (the "Trustee") in connection with the Bond Resolution, dated as of July 20, 1995, as amended and supplemented (the "General Resolution"), and as further amended and supplemented by the 2007 Series D Series Resolution, dated as of September 20, 2007 (the "Series Resolution" and together with the General Resolution, the "Resolution"), between the Arkansas Development Finance Authority (the "Issuer") and the Trustee providing for the issuance of the Issuer's \$40,000,000 Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities/Mortgage Loans Program), 2007 Series D (AMT) (the "Bonds")

- (the "Agreement").

We are writing in our capacity as Administrative Agent and on behalf of San Sabia Capital Corporation to inform you of their intention to assign and transfer, by novation, the Agreement from San Sabia Capital Corporation to DEPFA ACS BANK (the "Transfer"). DEPFA ACS BANK would succeed to all rights, obligations, duties and liabilities of San Sabia Capital Corporation under the GIC Portfolio.

DEPFA ACS Bank is a covered bond bank and a 100% subsidiary of DEPFA Bank plc. On 19th December 2014, DEPFA BANK plc became a wholly owned subsidiary of the German state agency FMS Wertmanagement AöR (FMS-WM) which was established in 2010 as the Federal Republic of Germany's winding up institution for the nationalised HRE Group. FMS-WM is under the direct ownership of the German Financial Markets Stabilisation Fund ("SoFFin"), which is managed by the Federal Agency for Financial Market Stabilisation ("FMSA"). DEPFA ACS Bank is regulated by the

**DEPFA BANK plc**  
1 Commons Street  
Dublin 1, Ireland  
Phone: +353 1 792 2222  
Fax: +353 1 792 2211  
[info@depfa.com](mailto:info@depfa.com)  
[www.depfa.com](http://www.depfa.com)

Company Secretary:  
Elaine Tiernan  
Registered in Ireland  
Company no. 348819  
VAT no. IE6368819N

Board of Directors:  
Pat Ryan (Chairman)\*, Ernst-Albrecht Brockhaus (German)\*, Fiona Flannery,  
Frank Hellwig (German)\*, Holger Horn (German), Christoph Müller (German)\*,  
Christopher Pleister (German)\*, Peter Schad (German), Gearóid Shanley, Susan Webb\*

\*Non-Executive Directors

Central Bank of Ireland and has a full banking license. The Bank is a designated credit institution as defined under the legislation in accordance with the Irish Asset Covered Securities Act, 2001. Principal activities of the Bank are the management of public sector assets and the ongoing administration of ACS in accordance with the legislation, subject to the conditions imposed by the European Commission. The Bank operates in accordance with, and is a Designated Credit Institution as defined under the Irish Asset Covered Securities Act 2001 and Asset Covered Securities Act Amended 2007. The long-term debt obligations of DEPFA ACS Bank are rated A-by S&P.

Therefore, we would kindly ask for your consent for San Sabia Capital Corporation to assign and transfer, by novation, the Agreement to DEPFA ACS BANK.

Please note that after assignment the address and contact details for DEPFA ACS BANK are:

Address: DEPFA ACS BANK  
1 Commons Street  
Dublin 1, Ireland

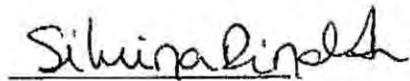
Attention: Thomas Kavanagh  
Tel.: +353 1 792 2447  
Fax: +353 1 8291132  
Email: payments-dublin@depfa.com

Please confirm the agreement to the foregoing and by having an authorised officer/officers sign the enclosed copy of this notice and return it to us by fax or pdf email to [sean.roe@depfa.com](mailto:sean.roe@depfa.com).

If you have any questions concerning this notice, please contact Sean Roe at +1 646 666 4730.



Authorised Signatory Stefanie Baor  
Authorised Signatory  
DEPFA BANK plc



Authorised Signatory  
DEPFA BANK plc Silvana Rinaldi  
Authorised Signatory

**We hereby consent to the transfer of the Agreement as set out in this Notice.**

**Signed for an on behalf of the Counterparty**

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**Authorised Signatory**

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**Authorised Signatory**

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
ASSET COMMITMENT COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS**

**October 20, 2016**

**1:00 P.M.**

The Board of Directors of the Arkansas Development Finance Authority held its Asset Commitment Committee meeting on Thursday, October 20, 2016, at approximately 1:00 p.m. in the Bessie B. Moore Conference, 900 West Capitol, Little Rock, Arkansas.

**ADFA Board Members present:** Dr. Richard Burnett, Chair; John Cooley, Vice-Chair; Tom Spillyards; Seth Mims; Charley Baxter; Greg Stanfill; Anthony Brooks; Stan Green; Stephen Rose; Sarah E. Capp; Ed Garner, Designee for Dennis Milligan, State Treasurer; Paul Louthian, Administrator of Office of Accounting, as Designee for Larry Walther, Director of Arkansas Finance and Administration and Aaron Burkes, President and Board Secretary of the Authority.

**Absent:** Denise Sweat.

**ADFA Staff Present:** Patrick Patton, Vice President of Internal Audit; Nancy Covington, Assistant to President; Layne Anderson, Vice President/General Counsel; Ro Arrington, Public Finance Manager; Brad Henry, Vice President of Development Finance; Cami Davis, Development Finance; Chuck Cathey, Development Finance; Hope Lewis, Assistant Controller; Katherine Hall, Loan Servicing Manager; Kim Poposky, Accounting; Charlie Lynch, Finance Manager; Bev Lambert, Development Financing; Paula Farthing, Accounting and Kristy Cunningham, Controller.

The ADFA Board and staff discussed the following:

Brad Henry gave updates on the Bond Guaranty Program, SSBCI program and Arkansas Venture Capital Investment Trust (AVCIT).

*Minutes.* Mr. Rose made a motion to approve the minutes of the September 15, 2016 meeting of the Board's loan review committee. Mr. Green seconded the motion. By roll call, all present members voted, and the motion passed.

*Arkansas Venture Development Fund.* Brad Henry presented a request of an increase of \$1M to an ADFA loan of \$1M from the Arkansas Venture Development Fund, LLC ("AVDF") that was approved on January 21, 2016. Following an in-depth discussion between staff and board members, Mr. Green made a motion to approve the request as presented. Mr. Mims seconded the motion. By roll call, all members present voted with Board Member Greg Stanfill abstaining from the vote, and the motion passed.

*DBG USA, LLC.* Chuck Cathey presented an abbreviated “write-up” on a prospective DBG USA, LLC project. This was for informational purposes only at this point and will be brought before the board within the next few months. No action taken or needed at this time.

**Problem loans:** Chuck Cathey gave an update to the board members on the following problem loans: ALREZ, Inc.; American Vegetable & Soybean; Arkansas Catfish Growers; ArkLam; Hillstern Farms; SW Holdings and Southwind Milling. An in-depth update was given on Arkansas Glass and will be removed from the Problem Loan update list.

**Adjournment.** There being no further business, Dr. Burnett adjourned the meeting.

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Aaron Burkes, President/Secretary

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Dr. Richard Burnett, Chair  
John Cooley, Vice-Chair

## MEMORANDUM

DATE: November 10, 2016

TO: ADFA Board of Directors

FROM: Chuck Cathey *cc*

RE: Problem Loan Report

The Authority's problem loans currently consist of 7 loans to 6 Borrowers with outstanding balances totaling \$12,070,820; 5 of which have delinquent amounts totaling \$886,369.

The Authority's Bond Guaranty Reserve Fund has provided or is currently providing debt service payments on 2 of those loans totaling \$771,556 of which \$548,305 is expected to be recovered before month end.

Based on current collateral and recovery values, if the Authority was forced to collect on all 7 loans, the loss exposure to the Bond Guaranty Reserve Fund is estimated to be as much as \$3,154,225.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
BOARD OF DIRECTORS MEETING**

**Thursday, November 17, 2016**

**8:30 a.m. Board Committee Meetings**

**1:00 p.m. – Board Asset Commitment Committee  
(Bond Guaranty Loans)**

**2:00 p.m. - Public Board Meeting**

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**AGENDA FOR PUBLIC MEETING**

- Roll call and note of absences.
- Approval and adoption of minutes from the October 20, 2016 meeting of the Board of Directors.

**I. OTHER BUSINESS:**

- Board Asset Commitment Committee**

**Please Note: This committee may go into Closed Session for the Purpose of the Preliminary Review of Certain Applications and All Supporting Documentation Pursuant to §15-5-409(b) and §15-5-207(c).**

- Board Committee Reports:**

- \* Board Housing Review Committee
- \* Board Audit Committee
- \* Board Professional Selection Committee
- \* Board Investment and Administration Committee

**II. NEW BUSINESS:**

**Resolution No. 1.** A resolution authorizing the issuance of Mortgage Credit Certificates (“MCC”) and the continuation of the ADFA MCC Program; authorizing the President to file one or more MCC Elections with the Internal Revenue Service; authorizing the President to determine the MCC tax rates, terms and criteria; and authorizing the President to give notice as required by the Federal Tax Laws of the implementation of the MCC Program. **(Presenter: Ben Van Kleef/Layne Anderson)**

### **III. ADJOURNMENT**

The next regular meeting of the ADFA Board of Directors is scheduled for Thursday, December 15, 2016, in the Second Floor (2nd) Conference Room, 900 West Capitol, Little Rock, Arkansas at 2:00 p.m.

## AUTHORIZING RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE OF MORTGAGE CREDIT CERTIFICATES ("MCC's") AND THE CONTINUATION OF THE ADFA MCC PROGRAM; AUTHORIZING THE PRESIDENT TO FILE ONE OR MORE MCC ELECTIONS WITH THE INTERNAL REVENUE SERVICE; AUTHORIZING THE PRESIDENT TO DETERMINE THE MCC TAX RATES, TERMS AND CRITERIA; AND AUTHORIZING THE PRESIDENT TO GIVE NOTICE AS REQUIRED BY THE FEDERAL TAX LAWS OF THE IMPLEMENTATION OF THE MCC PROGRAM.

WHEREAS, the Seventy-Fifth General Assembly of the State of Arkansas at its 1985 Regular Session enacted Act No. 1062 of 1985, to be known and cited as the Arkansas Development Finance Authority Act, which is codified at Arkansas Code Annotated Section 15-5-101 et seq. (2003 Repl.; Supp.2005); and

WHEREAS, the Authority is an authorized issuer of "qualified mortgage bonds" described in Section 143 of the Internal Revenue Code of 1986, as amended ( the "Code"), and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds; and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit the Authority to exchange its authority to issue qualified mortgage bonds and other private activity bonds for which it has volume cap in order to issue mortgage credit certificates under a qualified mortgage credit certificate program; and

WHEREAS, an MCC provides housing assistance in the form of a nonrefundable, federal tax credit, the value of which is equal to a portion of the mortgage interest paid by a homeowner on certain qualifying loans, and the holder of an MCC may apply this tax credit against his or her federal income taxes in each year the MCC is effective; and

WHEREAS, the Authority desires to provide the widest range of alternatives to borrowers with low or moderate incomes to enable them to finance the acquisition of single-family residences at the lowest effective cost to such borrowers; and

WHEREAS, in connection with such MCC Program, the Authority desires to elect not to issue private activity bonds which it could otherwise issue (including from any unused carryforward of unexpired private activity bond authority from prior calendar years).

NOW, THEREFORE, BE IT RESOLVED BY THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY, as follows:

**Section 1.** The Authority approves and authorizes the creation of the 2016 Mortgage Credit Certificate (MCC) Program, pursuant to one or more elections, benefiting qualified homebuyers and homeowners who incur mortgage loans for eligible purposes.

**Section 2.** The Authority finds and determines that it is necessary to exchange its authority to issue up to \$290,645,000 in aggregate principal amount of private activity bonds for the authority to issue MCC's. The Authority directs the President to make one or more elections, pursuant to Section 25 of the Code, not to issue up to \$290,645,000 in aggregate principal amount of private activity bonds (the "nonissued bond amount") that the Authority is authorized and has volume cap available to issue (including any unused and unexpired carryforward). The nonissued bond amount shall be allocated to the 2016 MCC Program. To effectuate the foregoing, the President is directed to file notice of such election or elections with the Internal Revenue Service, as required by the Code and the regulations.

**Section 3.** The Authority authorizes the President to establish one or more MCC Tax Credit Rates for the mortgage loans described therein, to determine the MCC Program expiration date, to select the types of mortgage loans for which MCC's may be issued, to approve the terms and conditions on which participating lenders make loans that are eligible for MCC financing, and to make other determinations as appropriate, all in accordance with the terms and provisions of Section 25 of the Code, and the regulations thereunder, and this Resolution. The President and the staff are hereby directed to further define the 2016 MCC Program parameters as necessary to maximize the availability of lower cost financing to low and moderate income Arkansans under the 2016 MCC Program.

**Section 4.** The President shall give notice to the public of the establishment of the 2016 MCC Program as required by Section 25 of the Code and the regulations thereunder prior to the issuance of any MCC's under the 2016 MCC Program.

**Section 5.** This Resolution shall become effective immediately upon its adoption by the Board of Directors of the Authority.

PASSED AND APPROVED this 17<sup>th</sup> day of November, 2016.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By \_\_\_\_\_  
Dr. Richard Burnett, Chairman

Attest:

By \_\_\_\_\_  
Aaron Burkes, President/Secretary

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**  
**MEETING OF THE BOARD OF DIRECTORS**  
**October 20, 2016**

The Board of Directors of the Arkansas Development Finance Authority held its regular board meeting on Thursday, October 20, 2016, at approximately 2:00 p.m., in the Bessie B. Moore Conference Room, 900 West Capitol, Little Rock, Arkansas.

**ADFA Board members present:** Dr. Richard Burnett; John Cooley, Vice-Chair; Charley Baxter; Greg Stanfill; Anthony Brooks; Stan Green; Seth Mims; Tom Spillyards; Sarah E. Capp; Stephen Rose; Ed Garner, Designee for Dennis Milligan, State Treasurer; Paul Louthian, Administrator of Office Accounting, Designee for Larry Walther, Director, Arkansas Department of Finance and Administration and Aaron Burkes, President and Board Secretary of the Authority.

**Absent:** Denise Sweat.

**ADFA Staff present:** Patrick Patton, Vice President of Internal Audit; Layne Anderson, Vice President/General Counsel; Nancy Covington, Assistant to President; Brad Henry, Vice President of Development Finance; Ben Van Kleef, Vice President of Housing; Cheryl Schluterman, Vice President of Finance & Administration; Kristy Cunningham, Controller; Bob Hunt, HOME Specialist; Derrick Rose, Communications; Cami Davis, Assistant-Development Finance; Bev Lambert, Development Finance and Chuck Cathey, Development Finance.

**Others present:** John Bryant, Mitchell Williams; Leigh Ann Biernat, Stephens, Inc.; Shep Russell, Friday, Eldredge & Clark; Jack Williams, Williams & Anderson; Hillis Schild, Regions; Edmond Hurst, Crews & Associates; Stan Russ, Regions; Glenda Dean, Simmons; Melissa Bandy, Mitchell Williams; Patricia Quinn, Raymond James and Chase Mills, Woodco, Inc. and Gabriel Woodman, Woodco, Inc.

**NEW BUSINESS ~ COMMITTEE REPORTS**

**Asset Commitment Committee.** Dr. Burnett called on Mr. Spillyards to present the report from the Asset Commitment Committee.

*Minutes.* The committee recommended approval of the minutes from the September 15, 2016 meeting of the Board Asset Commitment Committee.

Brad Henry gave updates on the Bond Guaranty Program, State Small Business Credit Initiative and the Arkansas Venture Capital Investment Trust ("AVCIT").

The Committee approved an increase of the loan to the Arkansas Venture Development Fund to \$2,000,000.

Mr. Spillyards made a motion to approve the whole Board Asset Commitment Committee report as presented. Mr. Stanfill seconded the motion. By roll call, all present members voted, and the motion passed.

**Board Housing Committee.** Dr. Burnett called on Mr. Baxter to present the report from the Board Housing Committee.

Minutes. The committee approved the minutes from the August 18, 2016 meeting of the Board Housing Committee.

**HOME:**

Application Spreadsheet. The committee reviewed and approved the application spreadsheet.

**Multi-Family:**

White River II, LP. The committee approved a request of Olympus Construction, Inc. as the general contractor in connection with the 2016 Multifamily Housing Application for White River Apartments. .

East Oakwood Apartments. The committee approved a request for Thomas E. Embach of the Thom E. Embach Gift Trust to purchase the Raymond James partnership interest in East Oakwood Apartments.

National Housing Trust Fund (“NHTF”). Mr. Baxter made a motion to approve an amendment to the Draft Allocation Plan for the National housing Trust Fund (“NHTF”). Mr. Spillyards seconded the motion. By roll call, all members present voted and the motion passed.

QAP. The Qualified Allocation Plan was reviewed and discussed by the board members and staff. Review and discussion of the QAP will continue at the November Board Meeting.

Mr. Baxter made a motion to approve the whole Board Housing Review report as presented. Mr. Green seconded the motion. By roll call, all present members voted, and the motion passed.

**Board Audit Committee.** Dr. Burnett called on Mr. Cooley to present the report from the Board Audit Committee.

Minutes. The committee approved the minutes of the September 15, 2016 meeting of the Board Audit Committee.

Internal Audit of the HOME Department. The committee reviewed the Internal Audit report of the HOME Department and approved the report.

Internal Audit of the Investment Department. The committee reviewed and approved the report from the Internal Audit of the Investment Department.

BKD Draft Reports of the following were reviewed and approved:

- ADFA Audit Letter from BKD
- State of Arkansas Construction Assistance and Safe Drinking Water Revolving Loan Funds Audit Letter
- ADFA Financial Statements
- ADFA Single Audit Report
- State of Arkansas Safe Drinking Water Revolving Loan Fund Program Financial Statements
- State of Arkansas Safe Drinking Water Revolving Loan Fund Program Single Audit
- State of Arkansas Construction Assistance Revolving Loan Fund Program Financial Statements
- State of Arkansas Construction Assistance Revolving Loan Fund Single Audit

Mr. Cooley made a motion to approve the reports as presented. Ms. Capp seconded the motion. By roll call, all present members voted, and the motion passed.

**Board Investment and Administration Committee.** Dr. Burnett called on Mr. Stanfill to present the report from the Board Investment and Administration Committee.

Minutes. The committee approved the minutes of the September 15, 2016 meeting of the Board Investment and Administration Committee.

Bond Guaranty Fund. Simmons Bank gave a presentation to the full board on the Bond Guaranty Fund.

Mr. Stanfill made a motion to accept the whole Board Investment & Administration Committee report as presented. Mr. Cooley seconded the motion. By roll call, all present members voted, and the motion passed unanimously.

<p style="text-align: center;"><b>NEW BUSINESS ~ MINUTES AND RESOLUTIONS</b></p>
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**Minutes.** Dr. Burnett asked for approval of the minutes from the September 15, 2016 Board of Directors Meeting. Mr. Stanfill made a motion to approve the minutes. Mr. Spillyards seconded the motion. By roll call, all members voted and the motion passed unanimously.

**Resolution No. 1.** Dr. Burnett called on John Bryant to present the resolution identified under Tab 1, authorizing the issuance of up to (\$5,500,000) Arkansas Development Finance authority Tax-Exempt Economic Development Revenue Refunding Bonds (ADFA/AEDC Guaranty Programs), Series 2016 for the purpose of providing permanent financing for Industrial Enterprises; authorizing the Bond Purchase Agreement; authorizing a Trust Indenture securing the Bonds; authorizing an Amended and Restated Loan Agreement between Arkansas Development Finance Authority and the Borrower; authorizing the sale of the Bonds; authorizing



## MEMORANDUM

TO: ADFA Board of Directors  
FROM: Aaron Burkes, President  
DATE: November 8, 2016  
RE: President's Report

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- Multifamily staff is diligently working to finalize the QAP. Plans are to have an extended Housing Review Committee meeting to allow for additional discussion, and a third opportunity for developers to provide input. Our hope is to make any modifications between the Housing Review Committee Meeting and the Board Meeting at 2 p.m. in order to get the QAP approved. If substantial changes to the final QAP are needed, we may need to follow up in a few days with a special telephonic board meeting.
- ADFA staff attended the Joint Legislative Audit Committee Meeting on Friday, November 4 to respond to questions from committee members regarding the Legislative Audit report on the Arkansas Venture Capital Investment Trust, specifically AIF. In this month's Board Audit Committee materials, you will find the report. In reference to the report, there is also an attached article in the Communications Section that ran on November 5 in the *Democrat Gazette*.
- Our mortgage loan reservation volume has steadily increased since we began the "ADFA Advantage Loan Program" at the end of June. Additionally, we have increased our pull-through rate from 65% to 77%, which represents the percentage of closed loans from the reservation pool. We anticipate closing a bond issue in early February 2017 with \$5 - \$6 million in mortgage-backed securities created from the closed loans from the "ADFA Advantage Loan Program".
- I am working with Brad and the Friday Firm on proposed changes to the venture capital program legislation. As previously discussed, we are trying to consolidate programs, and clarify the role of the ADFA Board and the Trustees of the Arkansas Venture Capital Investment Trust.
- Ro will present this month's board orientation on ADFA's Public Finance Division. We will conclude our orientation series next month with a presentation from Brad and Chuck on the lending side of ADFA's Development Finance Division.



The schedule for Thursday, November 17, 2016, is as follows:

8:30 a.m.	Board Housing Review Committee
11:30 a.m.	Board Audit Committee
11:45 a.m.	Board Professional Selection
12:00 Noon	Board Investment & Administration Committee
12:30 p.m.	Lunch will be served – 3rd Floor Conference Room
1:00 p.m.	Board Asset Commitment Committee
1:30 p.m.	Public Finance Presentation – Ro Arrington
2:00 p.m.	Public Board meeting



MEMORANDUM

TO: ADFA Board of Directors
FROM: J. Benjamin Van Kleef, Vice President of Housing
DATE: November 17, 2016
RE: Board Report

VK

Single Family Division Homeownership Programs

MBS Program Comments: Beginning with the January 2016 report on Single Family activities we are using the numbers for first and second mortgage loans that have actually closed.

1. First Mortgage Loan Programs: 30 year fixed rate first mortgage loans.

a) ADFA ADANTAGE Program Loans Closed. (Tax-Exempt Bonds)

Table with 3 columns: January - October, 2015, 2016. Rows include Amount, # of Loans, and Average Loan Amount.

b) ADFA Move Up Program Loans Closed (Raymond James MBS's)

Table with 3 columns: January - October, 2015, 2016. Rows include Amount, # of Loans, and Average Loan Amount.

2) Down Payment Assistance Second Mortgages:

a) Down payment Assistance (DPA) Loans Closed

The interest rate is 4.00%. It is a second mortgage, minimum \$1,000 up to a maximum of \$6,000 amortizing over 10 years.



January - October	2015	2016
Amount	\$ 1,003,783	\$ 826,013
# of Loans	191	152
Average Loan Amount	\$ 5,255	\$ 5,434

- b) **“Arkansas Dream Down Payment Initiative (ADDI)”** : A “soft” second mortgage at 0% interest with a five year affordability period. Funded by the HOME Investment Partnership Program (HOME). ADDI is not a grant.

January - September	2015	2016
Amount	\$ 1,045,890	\$ 1,335,940
# of Loans	184	237
Average Loan Amount	\$ 5,684	\$ 5,637

### 3) Mortgage Credit Certificate (“MCC”) Program

#### a) 2014 Mortgage Credit Certificate Program:

- 1) \$84 million in first mortgage loans originated.
- 2) Average amount of first mortgage loan = \$111,554
- 3) 633 Mortgage Credit Certificates issued.
- 4) \$42 million committed in Federal tax benefit to MCC applicants.
- 5) 120 applications in pipeline.
- 6) 84% of the initial \$100 million has been allocated.
- 7) Approx. \$422,000 in Issuance Fees to be collected by ADFA.

- b) **2014 Mortgage Credit Certificate Program** is accepting no new reservations. The 2015 MCC Program was activated on October 4, 2016.

## Homeownership Marketing Team

The Homeownership Marketing Team, Joey Walsh and Barbara Whittaker, have continued to make great progress in their efforts to educate the public about ADFA products. They have accomplished the following for the month of May:

Miles:	1967
Cities Visited:	14
Lenders Contacted:	253
Lender Trainings:	7
Realtors Contacted:	186
Realtor Sales Meetings	4
Community Outreach:	1
Events	2

## Multi-Family

Staff worked on revising the QAP and Guidelines; underwriting six 4% bond applications; and preparing Forms 8609.

## HOME

### **1. Owner-Occupied Applications in the pipeline**

- a) Seven projects cumulatively requesting approximately \$2.1 million in HOME funds to assist 29 residences:
  - i. **Central Arkansas Planning and Development Corporation (CAPDD)** application #160047 is requesting \$396,000.00 in HOME funds for project reconstruction and project delivery costs to assist four (4) homeowners. Application is pending staff review.
  - ii. **Pulaski County Community Services (PCCS) application #160052** is requesting \$280,280 in HOME Funds for project reconstruction and project delivery costs to assist five (5) homeowners and related project delivery costs. Application is pending staff review.
- b) **Project & Activity Status-Underway and Approved with HOME Funds** (Homeowner-Occupied Rehabilitation, Reconstruction, and Manufactured Home Replacements).
  - i. There are 20 projects in the pipeline of which 16 are Board approved consisting of 64 individual homeowner projects. Thirty-one (31) are complete and thirty-three (33) are in various stages of completion.
  - ii. Staff completed a combination of one (1) homeowner and homebuyer loan closings.

**2. Community Housing Development Organizations (CHDO)  
Homebuyer New Construction Project Status**

CS-CDC – Approved to build 7 homebuyer units in the Bluebird Subdivision

0	Pending Acquisition/Closing/Administrative Project Setup
2	Construction not started
2	Construction underway
0	Units complete and on the market for sale
3	Valid purchase contract/ lender underwriting and/ or closing
2	Units sold

BCD – Approved to build 10 homebuyer units in the Apple Berry Subdivision

0	Pending Acquisition/ Closing/ Administrative Project Setup
0	Construction not started
0	Construction underway
0	Units complete and on the market for sale
0	Valid purchase contract/ lender underwriting and/ or closing
5	Units sold

MCACDC Approved to build 5 homebuyer units in Blytheville

0	Pending Acquisition/ Closing/ Administrative Project Setup
0	Construction not started
0	Construction underway
0	Units complete and on the market for sale
1	Valid purchase contract/ lender underwriting and/ or closing
4	Units sold

**CHDO - Applications in Review**

1. **In-Affordable Housing** application number #160040 is requesting \$990,000 in HOME CHDO set-aside funds to construction 10 homebuyer units in Emerald Mountain Subdivision.

**3. NON-HOME Funded Projects**

**a) Settlement Funds – Owner Occupied Rehabilitation Project**

A State Health Department approved system for the Fluker project is now complete.

**b) AHTF – City of Little Rock’s**

This Arkansas Housing Trust Fund (AHTF) project is managed by the City of Little Rock’s Community Development Division. The City has selected 12 eligible homes that qualify under the Elderly Home Repair Program. The

City has completed the rehabilitation of seven (7) homes, currently working on three (3) with the remaining two (2) scheduled repairs forthcoming. The City has used 67% of their \$230,000.00 AHTF fund allocation leaving \$75,806.00 to complete the remaining homes.

#### **HOME Funded Rental Activities**

- a. 10/17/16 - Closed and held the Pre Conference for Riverview Campus I – Homeless Shelter in Fort Smith. Notice To Proceed Issued 10/17/16.
- b. 10/18/16 – Held Pre Conference for Westview Arms, TC only project. Notice To Proceed issued 10/18/16.
- c. Meeting with Cave City Nursing Home regarding ADFA Program funds.
- d. 10/27/16 – Conference call with ITEX regarding 4% Bond Applications.
- e. Processed 5 HOME draw requests for a total of \$816,835.05.
- f. Processed 4 pay requests for ADFA inspectors.

#### **Meetings and Training Attended**

Compliance Staff, Amanda Cunningham, Catrina Donahue, Jeanne Johnson and Tammy White attended LIHTC Training—Managing LIHTC Compliance, on 10/18/2016.

Ben Van Kleef and Aaron S. Burkes visited with the Alabama and Mississippi housing agencies.

**HOME Program Monthly Board Report**  
**HUD REPORT**

Through the period ending October 31, 2016

PY	TOTAL ALLOCATION	TOTAL PROGRAM INCOME	TOTAL RESERVED FOR ADMIN OPER	TOTAL COMMITTED FOR PROJECTS (AS OF 10/31/16)	TOTAL DOLLARS DISBURSED	BALANCE REMAINING TO BE DISBURSED
2010	13,983,361.00	1,929,209.90	1,398,336.10	13,221,075.30	14,407,625.25	1,504,945.65
2011	12,269,079.00	2,407,907.63	1,226,907.90	12,144,723.91	12,742,731.53	1,934,255.10
2012	7,725,281.00	3,940,630.50	772,528.10	8,908,030.44	9,205,587.80	2,460,323.70
2013	7,314,340.00	2,142,031.18	731,434.00	5,144,806.92	5,229,848.75	4,226,522.43
2014	7,565,698.00	3,323,656.06	756,569.80	6,581,181.98	6,721,397.91	4,167,956.15
2015	6,525,503.00	3,619,087.80	652,550.30	4,153,278.30	4,017,826.13	6,126,764.67
2016	6,848,059.00	3,178,504.96	684,805.90	2,141,800.84	2,010,139.80	8,016,424.16
<b>TOTALS</b>						
ALL YEARS	62,231,321.00	20,541,028.03	6,223,132.10	52,294,897.69	54,335,157.17	28,437,191.86

HOME PROGRAM	
<b>Applications Pending Approval of Board HRC, 11/17/2016:</b>	
CHDO Operating	
CHDO Set Aside	
Homeowner New Construction & Rehab	
Multi-Family New Construction & Rehab	
Tenant-Based Rental Assistance	
Total Pending Applications	\$0.00

**INSPECTIONS AND PROJECTS**

In October 2016, HOME spent \$18,230.49 in outsourced inspections.

**October 2016 Compliance Monitoring Activities  
Properties Monitored in October 2016 -**

Property Name	Owner - Contact	Management	Units	Review Type	Review Date	Reviewed by	# Non-Compliant	# Life-Threatening	# Units/Files Reviewed	Review Grade
Rison Villas 2005	Rison Terrace LP Clif Turnage	Benchmark Property Management Corp Clif Turnage	41	LIHTC	10/4/2016	Catrina Donahue	6	2	9/9	5 - 51% Non-Compliance
Stonebrook Park Homes Fort Smith 2011	Fort Smith Housing Partners LP Jim Petty	Strategic Realty Management inc Tina Sheppard	37(10H)	LIHTC HOME (4) TCAP EXCHANGE	10/5/2016	Jeanne Johnson	0	0	8/8	No Findings
Meadowview Estates Clarksville 2008	Meadowview Estate LP Richard Fisher	LEDIC Management Group Oke Johnson	40(8H)	LIHTC HOME(1)	10/6/2016	Catrina Donahue	6	0	7/7	5 - 51% Non-Compliance
Meadowview Estates Clarksville II 2012	Meadowview Estate II LP Larry Hoss	Moriah Management LLC Pansy Sanford	25	LIHTC	10/6/2016	Catrina Donahue	5	1	5/5	5 - 51% Non-Compliance
Garden Walk of Alma 1999 15 PAST YEAR	Alma Properties II LP Ryan Hudspeth	Belmont Management Co. Rhonda Nicholson	26(6H)	LIHTC HOME(4)	10/6/2016	Jeanne Johnson	0	0	6/6	No Findings
Pre-Ark Housing 1997 Partial Release PAST YEAR 15	Pre Ark Housing LP John Stanley	Trinity Realty Management Services LLC Chris & Tanya Tritt	12(8H)	LIHTC HOME(5)	10/10/2016	Catrina Donahue	2	2	5/5	3 - 31 - 40% Non-Compliance
Chapel Ridge Sherwood 2005	Sherwood Housing Associates, LP Elena Montero	The Lynd Company Joyce Garcia	160	LIHTC BOND	10/11/2016	Jeanne Johnson	4	2	28/28	1 - 0 - 15% Non-Compliance
Hicky Garden 2015	Marianna Partners LP Clifton Bates	United Apartment Group Thom Jesse	56(5H)	LIHTC HOME(3)	10/11&12/16	Tammy White	3	0	24/24	1 - 0 - 15% Non-Compliance
Edgewood 1991 PAST YEAR 15	Edgewood Apartments LP Annette Cowen	Southland Management Corp Tammy Williams	24	LIHTC MSF	10/11/2016	Catrina Donahue	1	0	5/5	2 - 16 - 30% Non-Compliance
Gardenview Lewisville 1993 PAST YEAR 15	Gardenview Apartments LP Annette Cowan	Southland Management Corp Tammy Williams	24	LIHTC	10/11/2016	Catrina Donahue	0	0	5/5	No Findings
Shady Creek Foreman 2003	William Puryear Annette Cowan	Southland Management Corp Tammy Williams	24(24H)	LIHTC HOME(5)	10/12/2016	Catrina Donahue	4	0	5/5	5 - 51% Non-Compliance
Foster Collier 2015	Marianna Partners II LP Clifton Bates	United Apartment Group Thom Jesse	36(5H)	LIHTC HOME(3)	10/13/2016	Tammy White	0	0	15/15	No Findings
Eudora Terrace 2007	Eudora Terrace LP Clif Turnage	Benchmark Property Management Corp Clif Turnage	33(8H)	LIHTC HOME(1)	10/17/2016	Catrina Donahue	3	0	6/6	4 - 41 - 50% Non-Compliance
Alma Gardens 2004	BFIM South GP c/o Boston Financial Kathryn Farrell	LEDIC Management Group Oke Johnson	55	LIHTC	10/17/2016	Jeanne Johnson	1	0	12/12	1 - 0 - 15% Non-Compliance
Dalton's Place Fordyce 2015	The Shepard Group LLC Michael Shepard	Shepard Group LLC Michael Shepard	40(9H)	HOME(8) ALIF	10/20/2016	Catrina Donahue	4	0	8/8	4 - 41 - 50% Non-Compliance

**October 2016 Compliance Monitoring Activities**

**Properties Monitored in October 2016 -**

Property Name	Owner - Contact	Management	Units	Review Type	Review Date	Reviewed by	# Non-Compliant	# Life-Threatening	# Units/Files Reviewed	Review Grade
Piggott Community/City of 1998	City of Piggott Jim Poole	City of Piggott Lori Haley	9(9H)	HOME (7)	10/20/2016	Tammy White	0	0	7/7	No Findings
Lincoln Gardens 2005	BFIM South GP c/o Boston Financial Kathryn Farrell	LEDIC Management Group Oke Johnson	32	LIHTC	9/20/2016	Jeanne Johnson	3	0	7/7	4 - 41 - 50% Non-Compliance
Altheimer, City of	Zola Hudson, Mayor	Zola Hudson	5	HOME - Owner Occupied	10/4/2016	Deanne Jennings	2	0	5/5	40% Non-Compliance
Parkdale, City of	Leonard Watkins, Mayor	Leonard Watkins	1	HOME - Owner Occupied	10/4/2016	Deanne Jennings	1	0	1/1	100% Non-Compliance
Pennylane Apartments	Russell Altizer	Cindi Abazajian	6	Full Release	10/5/2016	Deanne Jennings	0	0	6/6	No Findings
Dewitt, City of	Ralph Relyea, Mayor	Ralph Relyea	9	HOME - Owner Occupied	10/6/2016	Deanne Jennings	1	0	9/9	11% Non-Compliance
Sunset, City of	Eddie Craig III, Mayor	Lisa Turner, Asst. to Mayor	8	HOME - Owner Occupied	10/10/2016	Deanne Jennings	5	0	8/8	63% Non-Compliance
Portland, City of	Gary Morgan, Mayor	Kathy Coulter, Asst. to Mayor	2	HOME - Owner Occupied	10/10/2016	Deanne Jennings	1	0	2/2	50% Non-Compliance
Osceola, City of	D. Kennemore, Mayor	David Tucker	3	HOME - Owner Occupied	10/11/2016	Deanne Jennings	0	0	3/3	No Findings
McGehee, City of	Jeff Owyong, Mayor	Marcia Massey, City Clerk	14	HOME - Owner Occupied	10/14/2016	Deanne Jennings	2	0	14/14	14% Non-Compliance
Eudora, City of	Stephen Tisdale, Mayor	Jonathan Patrick, Asst. to Mayor	10	HOME - Owner Occupied	10/21/2016	Deanne Jennings	6	0	10/10	60% Non-Compliance
Dyess, City of	Ken Gillmore, Mayor	Megan Andrews	4	HOME - Owner Occupied	10/28/2016	Deanne Jennings	0	0	4/4	No Findings
Lifestyles, Inc.	Dottie Hattal	Dottie Hattal	10	TBRA	10/25/2016	Deanne Jennings	0	0	3/3	No Findings
Pathfinders, Inc	Donna Scribner	Donna Scribner	2	TBRA	10/26/2016	Deanne Jennings	1	0	2/2	4 - 41-50% Noncompliance

**October 2016 Compliance Monitoring Activities**

**Properties Monitored in October 2016 -**

Property Name	Owner - Contact	Management	Units	Review Type	Review Date	Reviewed by	# Non-Compliant	# Life-Threatening	# Units/Files Reviewed	Review Grade
Rison Villas 2005	Rison Terrace LP Clif Turnage	Benchmark Property Management Corp Clif Turnage	41	LIHTC	10/4/2016	Catrina Donahue	6	2	9/9	5 - 51% Non-Compliance
Stonebrook Park Homes Fort Smith 2011	Fort Smith Housing Partners LP Jim Petty	Strategic Realty Management Inc Tina Sheppard	37(10H)	LIHTC HOME (4) TCAP EXCHANGE	10/5/2016	Jeanne Johnson	0	0	8/8	No Findings
Meadowview Estates Clarksville 2008	Meadowview Estate LP Richard Fisher	LEDIC Management Group Oke Johnson	40(8H)	LIHTC HOME(1)	10/6/2016	Catrina Donahue	6	0	7/7	5 - 51% Non-Compliance
Meadowview Estates Clarksville II 2012	Meadowview Estate II LP Larry Hoss	Moriah Management LLC Pansy Sanford	25	LIHTC	10/6/2016	Catrina Donahue	5	1	5/5	5 - 51% Non-Compliance
Garden Walk of Alma 1999	Alma Properties II LP Ryan Hudspeth	Belmont Management Co. Rhonda Nicholson	26(6H)	LIHTC HOME(4)	10/6/2016	Jeanne Johnson	0	0	6/6	No Findings
Pre-Ark Housing 1997	Partial Release PAST YEAR 15 Pre Ark Housing LP John Stanley	Trinity Realty Management Services LLC Chris & Tanya Tritt	12(8H)	LIHTC HOME(5)	10/10/2016	Catrina Donahue	2	2	5/5	3 - 31 - 40% Non-Compliance
Chapel Ridge Sherwood 2005	Sherwood Housing Associates, LP Elena Montero	The Lynd Company Joyce Garcia	160	LIHTC BOND	10/11/2016	Jeanne Johnson	4	2	28/28	1 - 0 - 15% Non-Compliance
Hicky Garden 2015	Marianna Partners LP Clifton Bates	United Apartment Group Thom Jesse	56(5H)	LIHTC HOME(3)	10/11&12/16	Tammy White	3	0	24/24	1 - 0 - 15% Non-Compliance
Edgewood 1991	PAST YEAR 15 Edgewood Apartments LP Annette Cowen	Southland Management Corp Tammy Williams	24	LIHTC MSF	10/11/2016	Catrina Donahue	1	0	5/5	2 - 16 - 30% Non-Compliance
Gardenview Lewisville 1993	PAST YEAR 15 Gardenview Apartments LP Annette Cowan	Southland Management Corp Tammy Williams	24	LIHTC	10/11/2016	Catrina Donahue	0	0	5/5	No Findings

**October 2016 Compliance Monitoring Activities**  
**Properties Monitored in October 2016 -**

Property Name	Owner - Contact	Management	Units	Review Type	Review Date	Reviewed by	# Non-Compliant	# Life-Threatening	# Units/Files Reviewed	Review Grade
Shady Creek Foreman 2003	William Puryear Annette Cowan	Southland Management Corp Tammy Williams	24(24H)	LIHTC HOME(5)	10/12/2016	Catrina Donahue	4	0	5/5	5 - 51% Non-Compliance
Foster Collier 2015	Marianna Partners II LP Clifton Bates	United Apartment Group Thom Jesse	36(5H)	LIHTC HOME(3)	10/13/2016	Tammy White	0	0	15/15	No Findings
Eudora Terrace 2007	Eudora Terrace LP Clif Turnage	Benchmark Property Management Corp Clif Turnage	33(8H)	LIHTC HOME(1)	10/17/2016	Catrina Donahue	3	0	6/6	4 - 41 - 50% Non-Compliance
Alma Gardens 2004	BFIM South GP c/o Boston Financial Kathryn Farrell	LEDIC Management Group Oke Johnson	56	LIHTC	10/17/2016	Jeanne Johnson	1	0	12/12	1 - 0 - 15% Non-Compliance
Dalton's Place Fordyce 2015	The Shepard Group LLC Michael Shepard	Shepard Group LLC Michael Shepard	40(9H)	HOME(8) ALIF	10/20/2016	Catrina Donahue	4	0	8/8	4 - 41 - 50% Non-Compliance
Piggott Community/City of 1998	City of Piggott Jim Poole	City of Piggott Lori Haley	9(9H)	HOME (7)	10/20/2016	Tammy White	0	0	7/7	No Findings
Lincoln Gardens 2005	BFIM South GP c/o Boston Financial Kathryn Farrell	LEDIC Management Group Oke Johnson	32	LIHTC	9/20/2016	Jeanne Johnson	3	0	7/7	4 - 41 - 50% Non-Compliance
Alzheimer, City of	Zola Hudson, Mayor	Zola Hudson	5	HOME - Owner Occupied	10/4/2016	Deanne Jennings	2	0	5/5	40% Non-Compliance
Parkdale, City of	Leonard Watkins, Mayor	Leonard Watkins	1	HOME - Owner Occupied	10/4/2016	Deanne Jennings	1	0	1/1	100% Non-Compliance
Pennylane Apartments	Russell Altizer	Cindi Abazajian	6	Full Release	10/5/2016	Deanne Jennings	0	0	6/6	No Findings
Dewitt, City of	Ralph Relyea, Mayor	Ralph Relyea	9	HOME - Owner Occupied	10/6/2016	Deanne Jennings	1	0	9/9	11% Non-Compliance
Sunset, City of	Eddie Craig III, Mayor	Lisa Turner, Asst. to Mayor	8	HOME - Owner Occupied	10/10/2016	Deanne Jennings	5	0	8/8	63% Non-Compliance

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Property Name	Owner - Contact	Management	Units	Review Type	Review Date	Reviewed by	# Non-Compliant	# Life-Threatening	# Units/Files Reviewed	Review Grade
Portland, City of	Gary Morgan, Mayor	Kathy Coulter, Asst. to Mayor	2	HOME - Owner Occupied	10/10/2016	Deanne Jennings	1	0	2/2	50% Non-Compliance
Osceola, City of	D. Kennemore, Mayor	David Tucker	3	HOME - Owner Occupied	10/11/2016	Deanne Jennings	0	0	3/3	No Findings
McGehee, City of	Jeff Owyong, Mayor	Marcia Massey, City Clerk	14	HOME - Owner Occupied	10/14/2016	Deanne Jennings	2	0	14/14	14% Non-Compliance
Eudora, City of	Stephen Tisdale, Mayor	Jonathan Patrick, Asst. to Mayor	10	HOME - Owner Occupied	10/21/2016	Deanne Jennings	6	0	10/10	60% Non-Compliance
Dyess, City of	Ken Gillmore, Mayor	Megan Andrews	4	HOME - Owner Occupied	10/28/2016	Deanne Jennings	0	0	4/4	No Findings
Lifestyles, Inc.	Dottie Hattal	Dottie Hattal	10	TBRA	10/25/2016	Deanne Jennings	0	0	3/3	No Findings
Pathfinders, Inc	Donna Scribner	Donna Scribner	2	TBRA	10/26/2016	Deanne Jennings	1	0	2/2	4 - 41-50% Noncompliance



**NSP 3**

Grant Awarded from HUD	\$	5,000,000.00
Less: 5% admin fee	\$	250,000.00
Less: Projects Funded (see details below)	\$	4,750,000.00

<b>Outstanding Commitments:</b>				<b>Less: Balance Remaining</b>
<u>Closing Date</u>	<u>Development Name</u>	<u>Committed</u>	<u>Funded</u>	<u>to be Funded</u>
6/20/2012	The Manor, LLC	\$ 4,750,000.00	\$ 4,750,000.00	\$ -
<b>Total Commitments and Fundings</b>		\$ 4,750,000.00	\$ 4,750,000.00	\$ -

*in Mitas*

Program Income received life to date	\$	79,166.64
Interest Income received life to date	\$	29.65
Income Available	\$	79,196.29
Less: Program Income Spent for Construction and Administration	\$	-
<b>Unspent Program Income per Trust Account (cash balance as of 10/31/2016)</b>	\$	<b>79,196.29</b>

**NSP-3 Funds Available to Commit at 10/31/2016** **\$ 79,196.29**

**Administration** \$ 250,000.00 \$ 42,617.89 \$ 207,382.11

**Notes:**  
Administrative accruals not yet paid total \$1,585.76. Program income will be utilized to pay these fees.

**AEDC-CDBG DISASTER FUNDS**

Grant Awarded from HUD	\$	10,134,098.00
Less: Projects Funded (see details below)	\$	9,627,393.00

				<b>Less: Balance Remaining</b>
<u>Closing Date</u>	<u>Development Name</u>	<u>Committed</u>	<u>Funded</u>	<u>to be Funded</u>
6/7/2011	Woodmont Manor-Batesville Housing	\$ 968,437.00	\$ 968,437.00	\$ -
6/30/2011	Cottages of Good Shepard I LP-Cottages of Good Shepard I	\$ 1,350,000.00	\$ 1,350,000.00	\$ -
6/30/2011	Cottages of Good Shepard II LP-Cottages of Good Shepard II	\$ 1,350,000.00	\$ 1,350,000.00	\$ -
12/7/2011	Peaks at North Little Rock II LP-Peaks II	\$ 900,000.00	\$ 900,000.00	\$ -
12/15/2011	Orchards at Mabelvale II LP-Orchards at Mabelvale II	\$ 900,000.00	\$ 900,000.00	\$ -
1/3/2012	ALFD-Forrest City Housing Partner LP-Stonebrook Park	\$ 900,000.00	\$ 900,000.00	\$ -
1/3/2012	Villas of NLR II, LP-Villas of NLR II	\$ 900,000.00	\$ 900,000.00	\$ -
1/11/2012	Villas at Country Club II LP-Villas II	\$ 900,000.00	\$ 900,000.00	\$ -
6/22/2012	Helena Renaissance I LP-Old Helena High School	\$ 900,000.00	\$ 900,000.00	\$ -
7/18/2012	Jacksonville Partnership for Housing LP-The Meadows	\$ 500,000.00	\$ 500,000.00	\$ -
7/18/2013	Leisure Homes Corporation-Park Side Patio Homes orig. \$58,956.10	\$ 58,956.00	\$ 58,956.00	\$ -
<b>Total Commitments and Fundings</b>		\$ 9,627,393.00	\$ 9,627,393.00	\$ -

*in Mitas (forgivable)*  
*in Mitas*  
*in Mitas*  
*in Mitas*  
*in Mitas*  
*in Mitas (forgivable)*  
*in Mitas*  
*in Mitas*  
*in Mitas*  
*in Mitas*  
*in Mitas*

**CDBG Funds Available to Commit at 10/31/2016** **\$ 506,705.00 (1)**

Applications received but not submitted for board approval yet:  
- none  
506,705.00 amount available if additional applications/requests were approved

**Notes:**  
(1) As of 10/31/2016, \$142,033.74 in administrative fees have been paid. Per HUD, admin expenses should be taken from AEDC's CDBG-DR grant admin set-aside and the full \$10,134,098 must be allocated for affordable rental housing. Administrative accruals not yet paid total \$1,853.66.

**TAX CREDIT ASSISTANCE PROGRAM**

**TCAP Bank Balance at 10/31/2016** **\$ 1,222,882.30**

<b>Breakdown:</b>	
Program Income received life to date	\$ 1,221,971.92
Interest Income received life to date	\$ 1,715.38
Less: Program Income Spent for Trustee Fees life to date	\$ (805.00)
<b>Unspent Program Income per Trust Account (cash balance) and Funds Available to Commit at 10/31/2016</b>	<b>\$ 1,222,882.30 (1)</b>

Applications received but not submitted for board approval yet:  
- none  
1,222,882.30 amount available if additional applications/requests were approved

**Notes:**  
(1) As of 10/31/2016, there are no outstanding commitments against these funds. Program restrictions will be required on future commitments for these funds.

**PRESERVATION REVOLVING LOAN FUND-2015 round-PRLF 2**

Loan Awarded from USDA-Rural Development \$ 2,125,000.00 (1)  
 Less: Projects Funded (see details below) \$ 496,787.00

**Less: Outstanding Commitments:**

Closing Date	Development Name	Committed	Funded	Less: Balance Remaining to be Funded
3/8/2016	Columbia Heights, LP-2015 LIHTC recipient	\$ 161,787.00	\$ 161,787.00	\$ -
5/16/2016	Corning Senior Housing, L.P.-Pinewood Apartments-2014 LIHTC recipient	\$ 335,000.00	\$ 335,000.00	\$ -
<b>Total Commitments and Fundings</b>		<b>\$ 496,787.00</b>	<b>\$ 496,787.00</b>	<b>\$ -</b>

*in Mitas*  
*in Mitas*

PRLF 2015- Funds Available to Commit at 10/31/2016 \$ 1,628,213.00

Applications received but not submitted for board approval yet:  
 - none  
1,628,213.00 amount available if additional applications were approved

**Notes:**

(1) Loan closed with USDA-RD on 7/29/2015.

**DHS-ASSISTED LIVING INCENTIVE FUND-ALIF (Inter-Agency Program)**

Transfer per Inter-Agency Agreement from DHS 4/2/2010 \$ 5,000,000.00  
 Less: Projects Funded (see details below) \$ 1,722,500.00

**Less: Outstanding Commitments:**

Closing Date	Development Name	Committed	Funded	Less: Balance Remaining to be Funded
3/31/2011	St. Francis Assisted Living Center LP-Forrest City	\$ 162,500.00	\$ 162,500.00	\$ -
6/20/2012	The Manor, LLC	\$ 760,000.00	\$ 760,000.00	\$ -
7/30/2013	Fordyce Assisted Living, Inc.	\$ 800,000.00	\$ 800,000.00	\$ -
<b>Total Commitments and Fundings</b>		<b>\$ 1,722,500.00</b>	<b>\$ 1,722,500.00</b>	<b>\$ -</b>

*in Mitas (forgivable)*  
*in Mitas*  
*in Mitas (forgivable)*

**Administration** \$ 44,316.47 \$ 44,316.47 (1)

Program Income received life to date \$ 14,666.76  
 Interest Income received life to date \$ 7,361.55  
 Income Available \$ 22,028.31  
 Less: Program Income Spent for Construction and Administration \$ -  
**Unspent Program Income per Trust Account (cash balance as of 10/31/2016)** \$ 22,028.31

Assisted Living Funds Available to Commit at 10/31/2016 \$ 3,255,211.84

Applications received but not submitted for board approval yet:  
 - none  
3,255,211.84 amount available if additional applications were approved

**Notes:**

(1) Administrative fees are paid from the trust account balance. Administrative fees paid total \$44,316.47 or 0.9% of the original \$5,000,000 funding. Administrative accruals not yet paid total \$520.36.

**ARKANSAS HOUSING TRUST FUND**

State Appropriation (funds held by DF&A) \$ 500,000.00  
 Less: Projects Funded (see details below) \$ 153,634.00

**Outstanding Commitments:**

Grant Date	Development Name	Committed	Funded	Less: Balance Remaining to be Funded
<b>Multi-Family-Homeless Shelter:</b>				
signed 10/5/2015	Old Fort Smith Homeless Coalition-Riverview HOPE Campus-Phase I-Ft. Smi	\$ 250,000.00	\$ -	\$ 250,000.00
<b>Single Family-Homeowner-Occupied Rehabilitation</b>				
signed 9/15/2015	City of Little Rock-Owner-Occupied Rehabilitation-Little Rock	\$ 230,000.00	\$ 143,634.00	\$ 86,366.00
<b>Homeless Security Deposit RLF:</b>				
signed 10/27/2015	Housing Opportunities Partnership Exchange (HOPE Continuum)-Harrison	\$ 20,000.00	\$ 10,000.00	\$ 10,000.00
<b>Total Commitments and Fundings (non-Admin)</b>		<b>\$ 500,000.00</b>	<b>\$ 153,634.00</b>	<b>\$ 346,366.00</b>

*not in Mitas*

*in Mitas*

*in Mitas*

Arkansas Housing Trust Funds Available to Commit at 10/31/2016 \$ -

**Administration** \$ 50,000.00 \$ 35,208.51 \$ 14,791.49

Mortgage Settlement Funds	
Reconciled Bank Balance at 10/31/2016	\$ 1,241,000.36

Less: Outstanding Commitments:

Signed Agreement	Development Name	Committed	Funded	Less: Balance Remaining to be Funded
<b>Homeowner Rehabilitation/Reconstruction:</b>				
1/24/2013	Eastern Arkansas Community Outreach & Development Corp. (former St. Francis County Community Development Corp approved loan)	351,862.00	351,862.00	-
1/25/2013	City of Reed	253,000.00	253,000.00	-
3/27/2013	Drew County Public Facilities Board	351,714.00	351,714.00	-
3/27/2013	Eastern Arkansas Community Outreach & Development Corp.- various sites in Proctor, Marion and West Memphis	509,359.20	509,359.20	-
3/26/2013	City of Stuttgart II	324,500.00	324,500.00	-
5/6/2013	Arkansas Land & Farm Development Corp.-Various sites-Dermott	494,340.00	494,340.00	-
6/24/2013	Central Arkansas Planning and Development District-various sites in Lonoke, Scott, England and DeValls Bluff	507,659.00	499,259.00	8,400.00
9/25/2013	Third Party Consulting, Inc. (formerly CRT)-various sites in Garland, Holly Grove, Kingsland, Wrightsville	405,642.84	405,642.84	-
12/5/2013	City of McGehee	497,950.00	497,950.00	-
		<b>3,696,027.04</b>	<b>3,687,627.04</b>	<b>8,400.00</b>
<b>Tax Credit Properties:</b>				
5/30/2013	Edgewood Apartments, LP-Lewisville	75,000.00	75,000.00	-
12/19/2014	S&B Development-Deer Run-Hamburg	226,000.00	226,000.00	-
12/27/2013	Legacy at El Dorado LP-El Dorado	450,000.00	450,000.00	-
2/7/2014	Leisure Homes Corporation-Majestic View-Mountain Home	450,000.00	450,000.00	-
10/25/2013	Paragould Housing Dev Corp-Rolling Hills-Paragould	450,000.00	450,000.00	-
11/7/2013	Pine Cove Apartments-Fordyce	175,000.00	175,000.00	-
8/20/2015	Huntsville Town Branch LP--Town Branch-Huntsville	356,000.00	356,000.00	-
3/31/2015	JPM Development--Milwood Place-Clarksville	450,000.00	405,000.00	45,000.00
3/31/2015	JPM Development-Arkansas Affordable Two LP--West Helena Village-West Helena	450,000.00	405,000.00	45,000.00
12/14/2015	BRAD- Black River Housing, LP--2015 LIHTC recipient	450,000.00	405,000.00	45,000.00
not signed yet	Gorman & Company, Inc/Metropolitan Housing Authority.-Cumberland Towers	200,000.00	-	200,000.00
not signed yet	Gorman & Company, Inc/Metropolitan Housing Authority.-ParrisTowers	200,000.00	-	200,000.00
not signed yet	Gorman & Company, Inc/Metropolitan Housing Authority.-PowellTowers	200,000.00	-	200,000.00
		<b>4,132,000.00</b>	<b>3,397,000.00</b>	<b>735,000.00</b>
<b>Homeless Project:</b>				
10/11/2016	Old Ft. Smith Homeless Coalition-Riverview HOPE Campus Phase I-orig allocation	128,805.30		
	Old Ft. Smith Homeless Coalition-Riverview HOPE Campus Phase I-revolved funds*	45,028.14		
		<b>173,833.44</b>		<b>173,833.44</b>
2/3/2015	Habitat for Humanity-Saline County Project:	180,000.00	157,903.91	22,096.09
not applicable	Homebuyer Counselor Fees	540,000.00	540,000.00	-
not applicable	Mortgage Default Counseling	285,000.00	285,000.00	-
not applicable	NeighborWorks Training	50,000.00	46,456.25	3,543.75
<b>Total Commitments and Fundings (* including revolved funds &amp; interest rcvd less fees)</b>		<b>9,056,860.48</b>	<b>7,956,083.29</b>	<b>942,873.28</b>

Settlement Funds Available at 10/31/2016 \$ 298,127.08

REVISED BUDGET PER 4/18/2013 & 2/19/2015 & 5/21/2015 & 4/21/2016 BOARD MEETINGS					
	Approved Budget	Approved By Board to date	Currently Available	Requests for Board Approval	Available upon Board Approval
Homebuyer Counselor Fees	\$ 540,000.00	\$ 540,000.00	\$ -	\$ -	\$ -
NeighborWorks Training Courses for Homebuyer Counselors	\$ 50,000.00	\$ 50,000.00	\$ -	\$ -	\$ -
Mortgage Default Counseling	\$ 285,000.00	\$ 285,000.00	\$ -	\$ -	\$ -
Homeowner Rehab/Recon	\$ 3,696,194.70	\$ 3,696,027.04	\$ 167.66	\$ -	\$ 167.66
Multi-Family Rental Rehab (tax credits) with usage of \$12,000 in revolved funds at 8/31/2016	\$ 4,132,000.00	\$ 4,132,000.00	\$ -	\$ -	\$ -
Homeless Project (approved usage of revolved funds and interest less fees as of 1/31/15-\$45,028.14 with orig. HO allocation)	\$ 173,833.44	\$ 173,833.44	\$ -	\$ -	\$ -
Habitat for Humanity-Saline Co. Project	\$ 180,000.00	\$ 180,000.00	\$ -	\$ -	\$ -
Interest earnings/NSF fees collected	\$ -	\$ -	\$ 2,535.92	\$ -	\$ 2,535.92
Loan Repayments Received (P&I & U/Cash)	\$ -	\$ -	\$ 278,981.06	\$ -	\$ 278,981.06
Administrative Expenses (approved use of revolved funds as of 3/31/2016)	\$ 20,000.00	\$ 20,000.00	\$ 16,442.44	\$ -	\$ 16,442.44
<b>Grand Total</b>	<b>\$ 9,077,028.14</b>	<b>\$ 9,076,860.48</b>	<b>\$ 298,127.08</b>	<b>\$ -</b>	<b>\$ 298,127.08</b>



## Memorandum

TO: ADFA Board of Directors  
FROM: Derrick Rose  
DATE: November 12, 2016  
SUBJECT: Board Report

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- I continue to work closely with ADFA's Single Family staff to make improvements to our website and make it easier for potential users of our single family loan programs and products. Finding an approved lender is an important step to accessing ADFA's Homeownership Programs. To make this easier, I've created a direct link from our website to the home loan page of each of our participating lender's websites. When possible, I've also included links to branch locations.
- We are still working to create and post relevant content to our Facebook Page. I've attached a few of our posts. You can stay in the loop by putting a like on our Facebook at [www.facebook.com/arhomefinancing](http://www.facebook.com/arhomefinancing).
- ADFA's Single Family Homeownership Program brochure has been recently updated. It is used by Joey Walsh and Barbara Whittaker in their outreach efforts (lender trainings, real estate education, community outreach, etc.). See attached.
- News clippings follow this report.



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## Development chief ends pact

By Michael R. Wickline [twitter](#)

This article was published November 5, 2016 at 3:02 a.m.

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The Arkansas Development Finance Authority terminated a contract with an Oklahoma City-based investment manager hired in 2002 to identify venture capital investment opportunities, after the company was paid more than \$5 million for what looks like subpar performance, the authority's president told lawmakers Friday.

The contract with Cimarron Capital Partners LLC was terminated in December 2015, said Doug Spencer of the Arkansas Legislative Audit.

After the finance authority selected the investment manager in 2002 through what is called a request for proposals, the Arkansas Venture Capital Investment Trust formed the Arkansas Institutional Fund, a joint limited liability corporation with Cimarron, he said.

Returns on investment in the Arkansas Institutional Fund have been shared between the trust and Cimarron based on "mutually agreed-upon percentages of tiered returns," and Cimarron's share of returns ranged from about 5 percent to 10 percent based on investment performance, Spencer said. Cimarron also retains part-ownership in the investments made with Arkansas Institutional Fund monies, he said.

Annual management fees and performance bonuses paid to Cimarron from the Arkansas Institutional Fund's startup in 2003 through Dec. 31, 2015, totaled \$5.1 million, including about \$4.2 million for management fees, \$824,990 for bonuses and \$103,000 in shared net earnings, Spencer said. Additional management fees may have been paid during the fund's startup phase, but these fees could not be determined due to the routine destruction of financial records over time, he said.

"We felt like they were being overpaid," said Aaron Burkes, who was nominated by Gov. Asa Hutchinson as the finance authority's executive director in March 2015.

Cimarron's activities left the Arkansas Institutional Fund with a \$24.2 million bank loan on Dec. 31, 2015, and investment equity of \$16.6 million with "a net position of negative \$7.6 million," Spencer said. The contract with Cimarron "has proven not to be as advantageous for the state as it has for Cimarron," he said.

A line of credit was established with a financial institution to provide cash for the fund's investment activities with the expectation that investment returns would eventually diminish the need of the line of credit, Spencer said. The hope was to produce growth in Arkansas enterprises at no direct cost to taxpayers, he said. The state pledged \$60 million in transferable state income tax credits and \$10 million from the Development Finance Authority's bond guarantee reserve account to obtain the line of credit.

Burkes said Cimarron once had exclusive control over the bank account and could draw from the line of credit without any oversight from the state. State officials then required their approval for drawing money out of the line of credit.

As of Dec. 31, 2015, the Arkansas Institutional Fund had invested \$28.7 million and committed to invest \$37.2 million in 11 venture capital investment funds, Spencer said. Seven of these 11 investment funds had directly invested \$24.4 million in Arkansas businesses, and investments from these funds create the potential for additional investments and loans for Arkansas businesses that might not have been available otherwise, he said.

Spencer said auditors concluded that the Venture Capital Investment Act of 2001 was successful in bringing those types of funds to Arkansas, and using the bond account and transferable state income tax credits as collateral to establish a line of credit was successful in minimizing the cost of the investments to the state.

But a committee co-chairman, Sen. Jimmy Hickey, R-Texarkana, said, "I don't believe that these type of investments are anything that the state wants to risk our assets on, especially since these are borrowed funds and we have a line of credit ... to basically invest in high-risk investments.

"I would hope that what we are going to try to do is to get out hopefully with no losses. Of course, we will not know until y'all continue to operate through that. I would hope we would proceed that way," said Hickey, a retired banker.

Spencer said auditors are worried about the potential conflict of interest between the Arkansas Institutional Fund and the Development Finance Authority. The authority was created and is funded by the General Assembly, but the trust was created by the authority. Trustees are appointed based on their positions as state employees, and the trust created the Arkansas Institutional Fund, he said.

The authority's relationship with the fund through the creation of the trust and the authority's taking over service of the fund under the trust's direction may conflict with Article 12, Section 7, of the Arkansas Constitution that prohibits the state from owning equity in a corporation, Spencer said. Auditors recommended the authority seek an attorney general's advisory opinion on the relationship, Spencer said.

"Universities and retirement funds and things like that do utilize a similar approach, so if there were an opinion that were to conclude it's unconstitutional, it could have complicating effects for other entities as well," Burkes told lawmakers.

*Metro on 11/05/2016*

*Print Headline: Venture expert, state part ways*

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### More *Arkansas*

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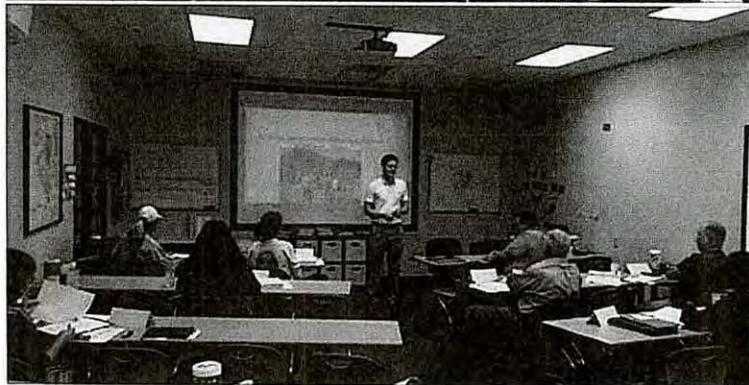
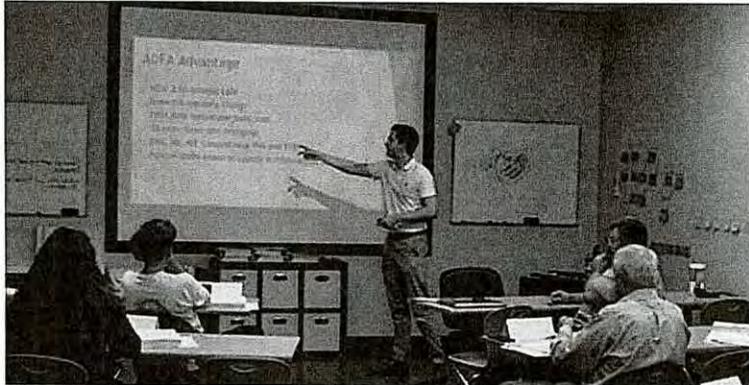
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Arkansas Development Finance Authority added 2 new photos — with Joey Walsh at [Arkansas Real Estate School](#).

Published by Derrick Rose Warren [?] · November 4 at 11:46am · Little Rock ·

Always appreciate the opportunity to speak to the students at the Arkansas Real Estate School.



22 people reached

Boost Post



Arkansas Development Finance Authority added 3 new photos — with Barbara Whittaker.

Published by Derrick Rose Warren [?] · October 31 at 12:43pm · 🌐

Congratulations to Josh and Kara Autrey of Van Buren, AR who received an ADFA First Time Homebuyer Federal Tax Credit / Mortgage Credit Certificate (MCC).

This program helps make homeownership of new and existing homes more affordable for individuals and families of low and moderate income, especially first time homebuyers. The borrower can claim up to 50 percent of their paid mortgage interest each year as a TAX CREDIT on their federal IRS tax return. The credit is capped at \$2,000. To find out more about this homeownership incentive go to our web site at [adfa.arkansas.gov](http://adfa.arkansas.gov).



236 people reached

Boost Post



Arkansas Development Finance Authority added 3 new photos — at [Arvest Bank \(Lowell, AR\)](#).

Published by Derrick Rose Warren [?] · October 28 at 12:28pm · Lowell · [🌐](#)

Enjoyed the opportunity to share all of ADFA's single family products to Arvest Bank, one of our best participating lenders.



113 people reached

Boost Post

**First-Time Homebuyer Tax Credit (MCC)** is a dollar-for dollar tax credit for first time, low-to-moderate income homebuyers. The certificate is issued by ADFA and allows qualifying, taxpaying homebuyers to claim a tax credit up to 50 percent of the mortgage interest paid per year, capped at \$2,000 annually.

An MCC may be used alone or with the ADFA Move-Up loan program. An MCC may also be combined with the Arkansas Dream Down-payment Initiative (ADDI) as a stand alone.

**Sample MCC Calculation**

Amount of 1st Mortgage		\$150,000.00
Interest Rate	x	3.75%
First Year Interest Paid	=	\$5,625.00

MCC Tax Rate - 50%

Amount of Benefit for the year	\$2,812.50
<b>**Max \$2,000 allowed</b>	<b>\$2,000.00</b>

**Calendar Months Divided by 12 = Monthly Savings \$166.66**

*\*\*With a 50% MCC Rate the maximum amount of tax credit is \$2,000.00 per year.*

For more information about ADFA homeownership programs call 682-5900 or go to ADFA's web site at:

<http://adfa.arkansas.gov>

or find us on Facebook at:

[www.facebook.com/arhomefinancing](http://www.facebook.com/arhomefinancing)

Arkansas Development Finance Authority  
P.O. Box 8023  
Little Rock, AR 72203



## Single Family Homeownership Programs

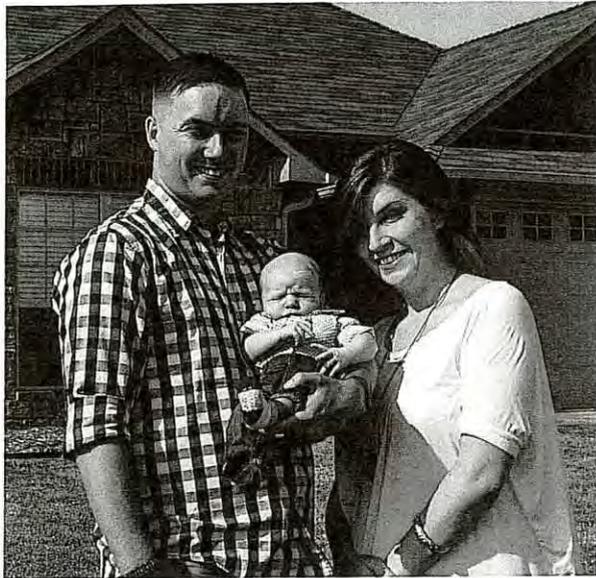


"My new mortgage is just a little more than what I'm now paying in rent. It's all for them, my babies." - Keisa Wilson

Keisa used the "ADFA Advantage" and ADDI Programs to purchase her first home.

<http://adfa.arkansas.gov>





Josh and Kara Autrey received an ADFA First Time Homebuyer Federal Tax Credit / Mortgage Credit Certificate (MCC) giving them the ability to claim a \$2,000 TAX CREDIT on their federal IRS tax return every year for as long as they stay in their home.

## Single Family Housing Programs

“ADFA Advantage” Loan Program is our 30 year, fixed rate bond loan for first-time homebuyers. With ADFA Advantage’s 2.5% interest rate, buying a home in Arkansas has never been more affordable.

ADFA Move-Up Program offers both first-time homebuyers (who are excluded from using the ADFA Advantage program due to higher incomes) and repeat Arkansas homebuyers, an affordable mortgage. And when using an ADFA Move-Up loan, borrowers may also be eligible to combine it with other ADFA single family home buying incentives

ADFA Down Payment Assistance (DPA) Program can provide up to \$6,000 for down payment and closing cost assistance. ADFA’s Down Payment Assistance (DPA) Loan is a second mortgage that carries the low rate of 4 percent with a 10-year term.

Arkansas Dream Downpayment Initiative (ADDI) provides lower income, first-time homebuyers in Arkansas, who qualify, up to 6% of the purchase price of their home, not to exceed \$10,000. It is a second mortgage loan with no monthly payment that is forgivable over five years. ADDI funding is provided by HUD through the Home Investment Partnerships Program.

## How we serve our communities

- By providing funding to support community investment, housing developments, and mortgage lending.
- By providing lending programs targeted to the needs of low-to-moderate-income Arkansans.
- By complementing rather than competing with our community lenders as one of the few sources of downpayment funding.

## We serve every county in Arkansas



ADFA doesn’t make loans directly to the homebuyer but through a network of approved lenders. An updated list of lenders can be found on ADFA’s web site at [adfa.arkansas.gov](http://adfa.arkansas.gov). The Authority also works with Arkansas’s realtors and homebuilders to help make ownership of new and existing homes more affordable for individuals and families of low and moderate income.

MEMORANDUM

**To:** ADFA Board of Directors  
**From:** Brad Henry, Vice President Development Finance *BH*  
**Re:** Monthly Activity Report  
**Date:** November 17, 2016

**Economic Development Bonds, ADFA Bond Guaranty & Conduit Bond Issues**

Interest in the Bond Guaranty program has increased recently, which is promising for 2017. Staff continues to work diligently on the problem loans.

**State Small Business Credit Initiative (SSBCI)**

The Office of Inspector General provided an update the process of the SSBCI audit. Their goal is to provide a draft of the final audit report during early 2017.

**Venture Capital and Seed/Angel Capital**

The Arkansas Institutional Fund (AIF) annual report was submitted to the Governor's Office, the Legislature, and ADFA. Also, Legislative Audit completed a comprehensive audit of the AIF. The 2015 financial audit should be finalized very soon. Staff also recently attended the Kayne New Road Ventures Annual Meeting.

**Capital Access, Arkansas Credit Reserve, and Small Business Guarantee Programs**

Capital Access has enrolled 579 loans and ArCash has added another one this month making 38 loans enrolled for that program. Over \$20 million in loans have now been enrolled in the CAP program. Staff continues to market these programs to prospective banks.

**Outreach**

Staff recently attended a conference in Little Rock on downtown development and a Rural Business Development Conference in Helena. Staff also attended the Arkansas State Chamber of Commerce Annual Meeting.

**Arkansas Development Finance Authority  
State Small Business Credit Initiative  
Status Report As of 10/31/2016**

	Lending			Investing			Total
	Capital Access	Direct Loan	SBL Guaranty	Risk Capital Matching	Co Investment Fund - ACIF	Seed & Angel Capital Network	
<b>1st &amp; 2nd &amp; 3rd Installments .</b>							<b>13,168,350.00</b>
<b>Fundings:</b>							
<b>Capital Access</b>							
Communities Unlimited, Inc/ formerly Alt Liftfund/formerly Accion Texas	3,105.00						3,105.00
Forge, Inc.	10,891.04						10,891.04
	35,454.00						35,454.00
<b>Participation Loans</b>							
American Veg Soybean, LLC		700,000.00					700,000.00
Arez, LLC		470,000.00					470,000.00
Arkansas Short Line Railroads, Inc.		400,000.00					400,000.00
ArkLam, LLC		350,000.00					350,000.00
CDR, LLC		75,000.00					75,000.00
Choctaw Bayou Enterprise, LLC		5,000.00					5,000.00
Pre-Insulated Metal Technologies, Inc		500,000.00					500,000.00
Prime Line, Inc		140,000.00					140,000.00
Sage		800,000.00					800,000.00
Southwind Milling Company		1,000,000.00					1,000,000.00
Hillstern Farms (fka Vikon Farms)		214,000.00					214,000.00
<b>Small Business Loan Guaranty</b>							
Above and Beyond Home Care of Central AR			28,000.00				28,000.00
BlueInGreen - August 2014			140,000.00				140,000.00
BlueInGreen - August 2014			89,950.00				89,950.00
BlueInGreen - March 2015			140,000.00				140,000.00
BlueInGreen - March 2015			89,950.00				89,950.00
BlueInGreen - October 2015			89,950.00				89,950.00
BlueInGreen - March 2016			160,000.00				160,000.00
BlueInGreen - September 2016			160,000.00				160,000.00
Consolidated Construction			60,000.00				60,000.00
Consolidated Construction - January 2016			60,000.00				60,000.00
Erosion Control			32,000.00				32,000.00
Liberty Management Services			160,000.00				160,000.00
MoVista			160,000.00				160,000.00
Red Clay			160,000.00				160,000.00
<b>Arkansas Risk Capital Matching</b>							
Acumen Holdings				66,667.00			66,667.00
Ascendant Diagnostics				200,000.00			200,000.00
Bio Detection Instruments				70,000.00			70,000.00
Black Oak Analytics, Inc				300,000.00			300,000.00
BlueInGreen				300,000.00			300,000.00
First Orion d/b/a Privacy Star				250,000.00			250,000.00
Movista f/n/a Merchant View				150,000.00			150,000.00
Movista				105,958.00			105,958.00
Nanowatt Design, Inc				25,000.00			25,000.00
Nanowatt Design, Inc II				25,000.00			25,000.00
SFC Fluidics				145,000.00			145,000.00
TiFiber, Inc				58,333.33			58,333.33
<b>ADFA Co-Investment Fund</b>							
Acumen Holdings					500,000.00		500,000.00
Apptegy					300,000.00		300,000.00
BlueInGreen					260,000.00		260,000.00
Insight Ecosystems					100,000.00		100,000.00
Movista f/n/a Merchant View					114,521.40		114,521.40
Movista					100,000.00		100,000.00
NanoMech					1,000,000.00		1,000,000.00
PicaSolar					300,000.00		300,000.00
Soul of the South Media Holdings					1,000,000.00		1,000,000.00
Spotright					450,000.00		450,000.00
<b>Seed &amp; Angel Network</b>							
ARK Investmt Fund (ARK Challenge 1)						150,000.00	150,000.00
ARK Investmt Fund (ARK Challenge 2)						125,000.00	125,000.00
ARK Investmt Fund 2014						175,000.00	175,000.00
Fund for Arkansas Future II						400,000.00	400,000.00
Gravity Ventures III						187,471.47	187,471.47
NewRoad Ventures						1,000,000.00	1,000,000.00
TriStar Technology Fund II (UAMS)						480,000.00	480,000.00
VIC Investor Network						125,000.00	125,000.00
<b>Funded/Expensed To Date</b>	<b>49,450.04</b>	<b>4,654,000.00</b>	<b>1,529,850.00</b>	<b>1,695,958.33</b>	<b>4,124,521.40</b>	<b>2,642,471.47</b>	<b>14,696,251.24</b>
<b>Unfunded Commitments:</b>							
Gravity Ventures III						62,528.53	62,528.53
TriStar Technology Fund II(UAMS)						20,000.00	20,000.00
Fund for Arkansas Future II						100,000.00	100,000.00
<b>Total Unfunded Commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,528.53</b>	<b>182,528.53</b>
<b>Total Funded/Unfunded Commitments</b>	<b>49,450.04</b>	<b>4,654,000.00</b>	<b>1,529,850.00</b>	<b>1,695,958.33</b>	<b>4,124,521.40</b>	<b>2,825,000.00</b>	<b>14,878,779.77</b>

**Arkansas Development Finance Authority  
State Small Business Credit Initiative  
Status Report As of 10/31/2016**

	Lending		Investing			Total	
	Capital Access	Direct Loan	SBL Guaranty	Risk Capital Matching	Co investment Fund - ACIF		Seed & Angel Capital Network
<b>FINAL ALLOCATION</b>	<b>41,522.00</b>	<b>4,690,312.00</b>	<b>720,070.91</b>	<b>1,297,352.00</b>	<b>3,595,156.00</b>	<b>2,823,937.09</b>	<b>13,168,350.00</b>
Recycled Funds	18,012.09	76,788.64	820,676.71	482,923.30	650,000.00	57,763.84	2,086,164.58
Less: Funded commitments to date	49,450.04	4,654,000.00	1,529,850.00	1,695,958.33	4,124,521.40	2,642,471.47	14,696,251.24
Less: Unfunded Commitments	-	-	-	-	-	182,528.53	182,528.53
Less: Expenses paid with allocation	10,084.05	113,100.64	10,897.62	64,316.97	120,634.60	56,700.93	375,734.81
<b>Allocation Available</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**RECAP BY PROGRAM:**

**FINAL ALLOCATION**

Recycled Funds

Less: Funded commitments to date

Less: Unfunded Commitments

Less: Expenses paid with allocation

**Allocation Available**

Total Program Income

Principal Receipts on Loans/Investments and Interest Earnings on Funds:

Less: Expenses Paid with Program Income

Less: Recycled Funds (see above):

**Total Available**

877,212.90

3,004,851.12

84,550.40

2,086,164.58

**1,711,349.04**

**ADFA Bond Guaranty Fund Data  
As of October 31, 2016**

		<b>Total Guaranty</b>		
<b>Bond Balances:</b>				
IDB's		56,560,000		
City/Co Issues		3,375,000		
<b>Total Bond Balances-&gt;</b>		<b>59,935,000</b>		
Less Guaranty by WFF		(1,021,000)		
<b>Direct/Interim Loan Balances:</b>	<b>ADFA's Share</b>		<b>Total O/S</b>	<b>% Guaranteed by</b>
Horner Holdings, Inc. (HHI)	284,914		284,914	ADFA      AEDC
Safe Foods Corp.	1,573,052		3,146,105	100%      0%
Southwind Milling Co., LLC	231,951		463,902	50%      50%
Hillstern Farms, Ltd (fka Vikon Farms)	-		2,140,000	0%      100%
<b>Total Direct Loans Only-&gt;</b>	<b>2,089,917</b>		<b>6,034,921</b>	
<b>Commitments that are unfunded:</b>	<b>ADFA's Share</b>		<b>Total Approved</b>	<b>% Guaranteed by</b>
			<b>Date Approved</b>	<b>ADFA      AEDC/Other</b>
Alrez	2,715,000		5,430,000	50%      50%
Principal of bonds refunded	(2,190,000)		8/18/2016	
<b>Total Commitments yet to fund-&gt;</b>	<b>525,000</b>			
<b>Total Bonds, Direct Loans and Unfunded-&gt;</b>	<b>61,528,917</b>			
<b>Venture Capital Guaranty</b>	<b>10,000,000</b>			
<b>Total of all guaranties-&gt;</b>	<b>71,528,917</b>			

	<b>At Cost</b>	<b>Market Value</b>
<b>Bond Guaranty Reserve Fund</b>		
Federated Treasury MMF	2,594,140	2,594,140
Various CD's	1,715,000	1,728,259
US Treasury Issues	735,884	740,415
US Government Agencies	12,912,158	12,996,218
<b>Portfolio Totals-&gt;</b>	<b>17,957,182</b>	<b>18,059,032</b>
<b>Coverage Ratios:</b>		
Leverage	3.983	3.961
% of Guaranty Reserve Fund	25.10%	25.25%

**Additional sources of cash flows that will be credited to the guaranty fund:**

	<b>Total Due</b>	<b>Est of Expected Annual Payment</b>	<b>Periodic Payment</b>	
Victory Lumber, LLC	482,664	65,088	5,424	M
Ouachita Hardwood Flooring, LLC	341,000	93,000	7,750	M
Arkansas Catfish Growers, LLC	301,777	38,094	38,094	A
Heartland Footwear, Inc	66,922	26,676	2,223	M
	<u>1,192,363</u>	<u>222,858</u>		

A = annual pmt, M = monthly pmt

**Capital Access Loan Program**  
Cumulative Program Activity

Page 1 07-Nov-16

**BY INDUSTRY**

Industry Sector	No. of Loans	% of Loans	Guaranteed Loan Amt.	Public Funds	% of Total Funds	Average Loan Amount
11: Agriculture, Forestry, Fishing, Hunting	182	31.43%	\$7,727,546.88	\$197,421.04	29.46%	\$42,459
21: Stone Mining, Rock Quarry	1	0.17%	\$3,000.00	\$135.00	0.02%	\$3,000
23: Construction	38	6.56%	\$1,244,413.92	\$44,512.65	6.64%	\$32,748
31, 32, 33: Mfg - Food-Wood-Metal	40	6.91%	\$1,742,936.00	\$68,118.28	10.17%	\$43,573
42, 44-45: Wholesale / Retail Trade	107	18.48%	\$3,185,247.15	\$128,643.80	19.20%	\$29,769
48-49: Transportation / Warehousing	31	5.35%	\$926,401.37	\$36,241.13	5.41%	\$29,884
51: Information	2	0.35%	\$13,000.00	\$585.00	0.09%	\$6,500
52: Finance & Insurance	3	0.52%	\$46,000.00	\$1,680.00	0.25%	\$15,333
53-81: All Other Services (except Public Admin)	175	30.22%	\$5,174,150.16	\$192,775.36	28.77%	\$29,567
<b>Totals</b>	<b>579</b>	<b>100.00%</b>	<b>\$20,062,695.48</b>	<b>\$670,112.26</b>	<b>100.00%</b>	

**BY COUNTY**

Benton	17	2.94%	218,000.00	9,870.00	1.47%	\$12,823.53
Boone	33	5.70%	\$734,562.54	\$33,055.57	4.93%	\$22,259.47
Bradley	94	16.23%	\$4,124,271.91	\$113,183.69	16.89%	\$43,875.23
Carroll	12	2.07%	\$214,150.00	\$9,186.75	1.37%	\$17,845.83
Chicot	1	0.17%	\$10,000.00	\$450.00	0.07%	\$10,000.00
Clark	63	10.88%	\$1,513,855.78	\$52,672.70	7.86%	\$24,029.46
Clay	1	0.17%	\$200,000.00	\$9,000.00	1.34%	\$200,000.00
Columbia	2	0.35%	\$121,145.00	\$3,635.00	0.54%	\$60,572.50
Craighead	3	0.52%	\$53,000.00	\$1,860.00	0.28%	\$17,666.67
Crittenden	2	0.35%	\$55,000.00	\$2,475.00	0.37%	\$27,500.00
Crawford	3	0.52%	\$40,000.00	\$1,800.00	0.27%	\$13,333.33
Cross	2	0.35%	\$30,000.00	\$900.00	0.13%	\$15,000.00
Dallas	3	0.52%	\$73,500.00	\$2,985.00	0.45%	\$24,500.00
Desha	6	1.04%	\$486,000.00	\$12,915.00	1.93%	\$81,000.00
Drew	1	0.17%	\$333,400.00	\$10,002.00	1.49%	\$333,400.00
Garland	18	3.11%	\$1,283,679.00	\$29,815.58	4.45%	\$71,315.50
Hempstead	11	1.90%	\$782,952.12	\$21,590.12	3.22%	\$71,177.47
Hot Spring	3	0.52%	\$89,500.00	\$4,515.00	0.67%	\$29,833.33
Howard	2	0.35%	\$47,000.00	\$1,560.00	0.23%	\$23,500.00
Jefferson	19	3.28%	\$930,702.73	\$37,912.12	5.66%	\$48,984.35
Lafayette	39	6.74%	\$1,177,715.23	\$28,852.02	4.31%	\$30,197.83
Lee	1	0.17%	\$15,000.00	\$675.00	0.10%	\$15,000.00
Lincoln	1	0.17%	\$48,000.00	\$2,160.00	0.32%	\$48,000.00
Lonoke	3	0.52%	\$386,000.00	\$17,370.00	2.59%	\$128,666.67
Madison	26	4.49%	\$223,300.00	\$9,418.50	1.41%	\$8,588.46
Marion	1	0.17%	\$10,000.00	\$450.00	0.07%	\$10,000.00
Miller	76	13.13%	\$3,464,214.61	\$86,395.70	12.89%	\$45,581.77
Mississippi	2	0.35%	\$33,945.50	\$3,360.00	0.50%	\$16,972.75
Monroe	10	1.73%	\$928,721.63	\$29,884.95	4.46%	\$92,872.16
Newton	3	0.52%	\$30,000.00	\$1,350.00	0.20%	\$10,000.00
Phillips	7	1.21%	\$181,620.00	\$9,700.32	1.45%	\$25,945.71
Pike	1	0.17%	\$11,500.00	\$345.00	0.05%	\$11,500.00
Poinsett	15	2.59%	\$482,490.50	\$38,310.32	5.72%	\$32,166.03
Polk	2	0.35%	\$65,000.00	\$3,675.00	0.55%	\$32,500.00
Pope	1	0.17%	\$20,000.00	\$900.00	0.13%	\$20,000.00
Prairie	1	0.17%	\$62,500.00	\$2,812.50	0.42%	\$62,500.00
Pulaski	39	6.74%	\$725,127.70	\$35,874.99	5.35%	\$18,593.02
Searcy	4	0.69%	\$30,000.00	\$1,350.00	0.20%	\$7,500.00
Sebastian	1	0.17%	\$3,000.00	\$135.00	0.02%	\$3,000.00
Sevier	1	0.17%	\$10,000.00	\$450.00	0.07%	\$10,000.00
St. Francis	9	1.55%	\$221,039.73	\$8,027.30	1.20%	\$24,559.97
Union	2	0.35%	\$90,000.00	\$4,950.00	0.74%	\$45,000.00
Van Buren	2	0.35%	\$36,560.00	\$3,065.40	0.46%	\$18,280.00
Yell	1	0.17%	\$10,000.00	\$450.00	0.07%	\$10,000.00
Washington	34	5.87%	\$421,000.00	\$17,595.00	2.63%	\$12,382.35
Woodruff	1	0.17%	\$35,241.50	\$3,171.73	0.47%	\$35,241.50
<b>Totals</b>	<b>579</b>	<b>100.00%</b>	<b>\$20,062,695.48</b>	<b>\$670,112.26</b>	<b>100.00%</b>	

**RESERVE BALANCES**

Bank Name	RESERVE BALANCE	CLAIMS by Borrower		
Southern Finl Part [closed]	\$0.00	Southern Finl Part	3	\$19,674.27
CSB / Bank of Bradley	\$79,844.97	Community State Bank	7	\$429,766.91
Community First Bank	\$7,278.04	Community First Bank	8	61917.88
Southern Bancorp	\$66,925.57	Elk Horn Bank & Trust	8	\$209,161.86
Enterprise Corp of the Delta	\$85,709.12	Ent Corp of the Delta	1	\$127,000.00
Regions [closed]	\$0.00	Regions [closed]		
1st Jacksonville Bank [closed]	\$0.00	First Jacksonville Bank	1	\$4,564.07
Little River Bank of Lepanto	\$0.00	Little River Bank (Inactive)	1	\$47,658.33
Alt.Consulting	\$27,092.83	Alt.Consulting	2	\$1,522.66
ACCION	\$7,011.91	ACCION	2	\$48,556.65
Fidelity National	\$0.00	Fidelity National		
FORGE	\$61,346.10	FORGE	3	\$24,844.35
<b>Totals</b>	<b>\$335,208.54</b>	<b>Claim Totals</b>	<b>36</b>	<b>\$974,666.98</b>

# Capital Access Loan Program

## Cumulative Program Activity

07-Nov-16

Page 2

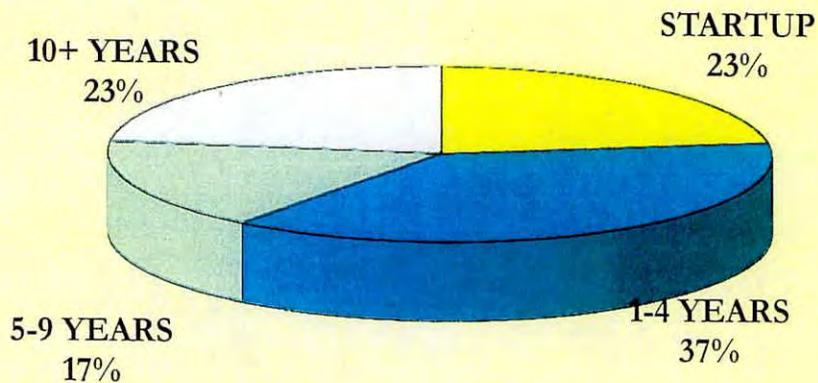
### BY SIZE

Guaranteed Loan Size	No. of Loans	% of Loans	Dollar Amount
0-\$24,999	352	60.79%	\$5,108,614.70
\$25,000-\$49,999	127	21.93%	\$4,469,688.95
\$50,000-\$74,999	38	6.56%	\$1,900,533.65
\$75,000-\$99,999	14	2.42%	\$909,682.92
\$100,000-\$124,999	14	2.42%	\$1,364,031.50
\$125,000 and up	34	5.87%	\$6,310,143.76
<b>Totals</b>	<b>579</b>	<b>100.00%</b>	<b>\$20,062,695.48</b>

No. of Jobs	2612
Public \$ Leverage	30.21 to 1

### BY AGE

#### LOANS BY AGE OF BUSINESS



# Capital Access Loan Program

## Minority Program Activity

November-16

Page 3

INDUSTRY	NO. OF LOANS	AMOUNT OF LOANS	PUBLIC FUNDS
11-Nonmfg-Agriculture	20	636,139.50	\$22,508.92
23-Construction	8	108,652.73	\$4,025.37
31, 32, 33: Mfg - Food-Wood-Metal	4	75,939.00	\$2,728.17
48-49 Nonmfg-Transp/PubUtil	9	199,453.63	\$7,829.95
42, 44, 45 Nonmfg-Whol/Retail Tra	24	426,466.77	\$16,100.86
51: Information	2	13,000.00	\$585.00
53-81-Other Nonmfg-Services	55	1,376,485.59	\$54,207.17
<b>Totals</b>	<b>122</b>	<b>\$ 2,836,137.22</b>	<b>\$107,985.44</b>

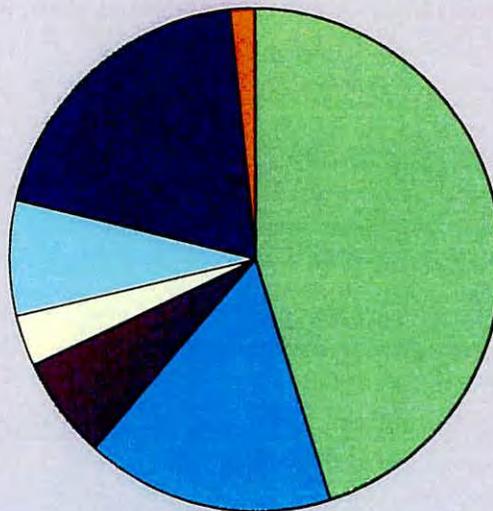
  

Program Comparative Totals	NO. OF LOANS	AMOUNT OF LOANS	PUBLIC FUNDS
Minority Loan Totals	122	\$2,836,137.22	\$107,985.44
Total Cap Program Activity	579	\$20,062,695.48	\$670,112.26
Percentage Minority Activity	21.07%	14.14%	16.11%

Paid Off

Renewed

### MINORITY ACTIVITY BY INDUSTRY



■ 11-Nonmfg-Agriculture	■ 23-Construction	□ 31, 32, 33: Mfg - Food-Wood-Metal
□ 48-49 Nonmfg-Transp/PubUtil	■ 42, 44, 45 Nonmfg-Whol/Retail Trade	■ 51: Information
■ 53-81-Other Nonmfg-Services		

# AR CASH PROGRAM

ACR Summary 11/7/2016	TOTAL # OF LOANS	LOAN AMOUNT	RESERVE ACCT BALANCE	ADFA FEE AMOUNT	BORROWER FEE AMOUNT	Loan Renewal Fee	MINORITY OWNED	F/T JOBS	P/T JOBS	CLAIM FILED	2015 LOAN BALANCE
<b>BANK NAME</b>											
ARVEST BANK Fort Smith	35	975,228.34	79,670.89	71,820.00	9,753.02	0.00	12	125	143		\$433,842.17
Southern Bancorp Arkadelphia	3	57,676.75	6,573.89	6,000.00	565.00		2	2	9		\$35,121.94
<b>TOTALS*</b>	<b>38</b>	<b>\$1,032,905.09</b>	<b>\$86,244.78</b>	<b>\$77,820.00</b>	<b>\$10,318.02</b>	<b>\$0.00</b>	<b>14</b>	<b>127</b>	<b>152</b>		<b>\$468,964.11</b>

\*Total # of loans does not reflect renewals

Program Comparative Totals	No. Of Loans	Amount of Loans	Public Funds
Minority/Female Loans Report	14	\$426,161.49	\$28,370.00
<b>Total Program Activity</b>	<b>38</b>	<b>\$1,032,905.09</b>	<b>\$77,820.00</b>
<b>Percentage</b>			
Minority/Female Loan Activity	37%		

## Volume Cap Memorandum

<b>To:</b>	ADFA Board of Directors								
<b>From:</b>	Camilla Davis, Volume Cap Manager								
<b>Date:</b>	4-Nov-16								
<b>Re:</b>	2016 Monthly Summary								
	1/1/16 Allotment	Carryforward	Total	Reserved/Issued to Date	Transfer to General	Balance Remaining			
ADFA SFH (17%)	\$51,488,750				\$51,488,750.00	\$0			
2013 SFH CF		\$290,645,000	\$938,473,750			\$290,645,000			
2014 SFH CF		\$296,825,000				\$296,825,000			
2015 SFH CF		\$299,515,000				\$299,515,000			
ADFA MFH (10%)	\$30,287,500		\$30,287,500		\$30,287,500	\$0			
ADFA IDBs (33%)	\$99,948,750		\$99,948,750		\$99,948,750	\$0			
ASLA (10%)	\$30,287,500		\$30,287,500		\$30,287,500	\$0			
General (30%)	\$90,862,500		\$90,862,500	\$7,530,000	\$212,012,500	\$295,345,000			
<b>Totals:</b>	<b>\$302,875,000</b>	<b>\$886,985,000</b>	<b>\$1,189,860,000</b>	<b>\$7,530,000</b>		<b>\$1,182,330,000</b>			
				<b>Less: Carryforward Balances*</b>		<b>\$886,985,000</b>			
				<b>Total Available</b>		<b>\$295,345,000</b>			
* Carryforward balances are not available for use except by the categories to which they belong.									
** The 2015 remaining balance of \$299,515,000 has been approved for MCC carryforward.									



**Memorandum & Board Report**  
**Farmer / Creditor Mediation Program**  
**September 2016**

To: ADFA Board of Directors  
From: Stanley M. "Jack" Bell  
Date: November 1, 2016  
Re: October 2016 Farm Mediation Report

For the month of October 2016, twenty-three (23) Arkansas farmers were offered the opportunity to mediate and provided statutory notice of the right to request mediation. The amount of debts from the initiating lenders totaled Three million, ninety-three thousand, two-hundred and forty-three dollars and fifty-two cents, (\$3,093,243.52). There were five (3) credit mediations performed and zero (0) USDA /FSA adverse decision mediations performed.

The program coordinator consistently averages a number of cases each month that request mediation and /or are scheduled for a mediation session. Some are ultimately settled by phone. The pre-session settlement activity and other phone consultations by the coordinator between the farmers, creditors and attorneys generally saves time and money for the parties.



## MEMORANDUM

To: ADFA Board of Directors  
 From: Cheryl Schluterman, CPA *CS*  
 Vice President for Finance & Administration  
 Re: November Board Report  
 Date: November 9, 2016

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The following items are presented for Board review:

- **Bond Calls – November 2016**

**Bonds Called, From Prepayment, Monthly Remittances and/or Excess Revenues**

<u>Single Family Bonds</u>	<u>Amount</u>
2005 Series D	\$ 125,000
2006 Series AB	155,000
2006 Series C	300,000
2006 Series DE	275,000
2007 Series ABC	365,000
2007 Series D	155,000
2008 Series AB	255,000
2008 Series D	410,000
2011 Series A/2009A-1	505,000
2011 Series B/2009A-2	280,000
2013 Series A	<u>547,454</u>
	<b>\$ <u>3,372,454</u></b>

- **Interagency Programs as of October 31, 2016.** The following programs are managed by other state agencies whereby ADFA serves as issuer and/or financial administrator. These programs are not considered part of ADFA's financial reporting entity for purposes of the year-end auditor's report.

<u>Program</u>	<u>Loan Balance</u>	<u>No. of loans</u>	<u>Net Bond Balance</u>
<b><u>ANRC</u></b>			
Wastewater RLF	\$ 229,526,070	57	\$ 30,386,902
Safe Drinking	\$ 162,894,477	59	\$ 22,874,691
Wetlands Mitigation	\$ 497,460	2	
<b><u>Higher Education</u></b>			
Community/Technical College	\$ 7,654,388	13	
<b><u>AEO-AEDC</u></b>			
Industry Energy Technical	\$ -	0	
Employer Assisted Home Energy	\$ 30,095	1	
<b><u>DHS</u></b>			
Assisted Living Fund	\$ 749,111	1	

- **Prison Construction Trust Fund as of October 31, 2016**

	<b>Bank Balance</b>	<b>Unfunded Contracts</b>	<b>Unfunded Loans</b>	<b>Bonds Outstanding</b>
	\$ 8,710,061	\$ 4,557,174	\$ 617,873	\$ 25,760,000

\*Represents 2016 Correctional Facilities. One year's debt service is pledged to the bonds, funded by the Prison Construction Trust Fund.

- **Venture Capital Public Trust Fund as of October 31, 2016**

	<b>Cash</b>	<b>Investments</b>	<b>Loans</b>	<b>Total</b>
Enterprise Development				
Ark Risk Capital Matching	\$376,158	\$3,069,479	\$973,333	\$4,418,970
SSBCI	113,333	1,429,291	386,667	1,929,291
Technology Validation	2,539	1,154,137	\$108,000	1,264,676
Arkansas Co-Investment Fund:				
Discretionary (GQAC)		8,741,451		8,741,451
SSBCI		2,874,523		2,874,523
Arkansas Seed & Angel Network:				
Discretionary (GQAC)		215,000		215,000
SSBCI		2,176,520		2,176,520
Arkansas Venture Capital "General Account"				
Recycled SSBCI	615,403			615,403
Undesignated	400,801			400,801
Arkansas Venture Development Fund		864,067		864,067
Arkansas Institutional Fund*	337,600	17,278,151		17,615,751
Totals	\$1,845,834	\$37,802,619	\$1,468,000	\$41,116,453

- State Operating Budget Summary as of October 31, 2016

	Actual	Budget	Percent Expended
Salaries and Benefits	\$1,673,233	\$4,618,040	36%
General Operations	200,196	825,458	24%
Travel and Education	2,026	81,715	2%
Professional Fees and Services	83,455	123,810	67%
Information Technology	148,879	264,512	56%
Capital Outlay	-	23,000	0%
Housing Trust Fund	-	15,718	0%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>2,107,789</b>	<b>5,952,253</b>	<b>35%</b>
HUD HOME Program	4,581,621	16,341,215	28%
Neighborhood Stabilization Program (NSP)	-	1,400,000	0%
Special Federal Grants	-	6,600,000	0%
<b>TOTAL FEDERAL PROGRAM EXPENDITURES</b>	<b>4,581,621</b>	<b>24,341,215</b>	<b>19%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$6,689,410</b>	<b>\$30,293,468</b>	<b>22%</b>

- General Fund Programs as of October 31, 2016

Program Name	Board Authorization Date	Amount	Original Loan Amount	10/31/2016 Outstanding Balance
Arkansas Tourism Revolving Loan Fund	6/18/1998	\$2,000,000	\$645,000	\$162,044
Habitat for Humanity, Pulaski County	12/20/2012	300,000	224,813	194,119
Speculative Building Program (additional funding approved)	Unknown			
Port Authority	3/18/99,3/20/03	5,000,000	4,666,102	355,339
Day Care Center Program	8/17/1997	2,000,000	54,334	—
Day Care Center Program	9/96	500,000	137,500	—
Direct Loan Program		*	109,486,646	7,804,848
Single Family DPA	**	revolving		6,061,358
<b>TOTAL</b>				<b>\$14,577,708</b>

\*ADFA has not set a specific amount for this program.

\*\*Principal and interest received on outstanding DPA loans are designated revolving loan funds by ADFA's Board of Directors. (Board approval dates of 1/17/02, 5/16/02, 8/15/02, 10/17/02, 2/20/03, 9/18/03 totaling \$6,569,732.)

- **Financial Statements.** The quarterly September 30, 2016 operating results and general fund review will be presented at the December Board Investment & Administration Committee meeting.
- **Servicing Reports.** Included in this month's fiscal report are two servicing reports. The first is a Delinquency and Other Real Estate Summary, detailing delinquent loan and related portfolio balances. The second is a Delinquency Report, which includes a set of graphs that express delinquency figures for three loan portfolios. These graphs are designed to signal possible trends and to measure portfolio performance.

**Training/Conferences Attended by Finance & Administration Department in October 2016:**

Fall Conference (Association of Government Accountants) –  
Kristy Cunningham

The New Bankruptcy Rules and Forms –  
Ruby Dean

NOTE: In addition to external training, several F&A staff members are cross-training to better distribute workload and/or to provide backup support as needed. We will continue to expand our cross-training efforts.

**Single Family Mortgage-Backed Securities Warehousing as of October 31, 2016:**

ADFA's President executed a Declaration of Official Intent to warehouse on June 27, 2016 for \$100,000,000. The current balance of warehoused mortgage-backed securities, at cost, is \$1,363,082. An additional \$2,000,000 (approximately) will settle in November.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
DELINQUENCY AND OTHER REAL ESTATE SUMMARY  
October-16**

Program	Program Name	Number of Loans Delinquent	Delinquent Payments			Total Delinquent Loan Balance	Total Program Loan Balance
			1 Payment	2 Payments	3 or More Payments		
21	Rural Housing Multifamily	0	\$ -	\$ -	\$ -	\$ -	\$ 1,199,943.33
27	Tax Credit Assistance Program (TCAP)	0	\$ -	\$ -	\$ -	\$ -	\$ 19,241,081.08
28	Exchange Program Forgivable Loans	0	\$ -	\$ -	\$ -	\$ -	\$ 92,869,859.00
31	Guaranteed ED	2	\$ -	\$ 17,777.46	\$ 223,250.63	\$ 1,797,794.79	\$ 53,809,198.15
35	Arkansas Department of Correction	0	\$ -	\$ -	\$ -	\$ -	\$ 5,482,126.58
49	Assisted Living Revolving Fund (ALIF)	0	\$ -	\$ -	\$ -	\$ -	\$ 749,110.56
50	CDBG	0	\$ -	\$ -	\$ -	\$ -	\$ 7,700,000.00
52	PRLF	0	\$ -	\$ -	\$ -	\$ -	\$ 2,481,872.30
65	SSBCI	5	\$ 19,312.14	\$ -	\$ 359,276.30	\$ 2,465,816.73	\$ 3,797,125.96
70	Settlement Funds Repayable Loans (SH)	5	\$ 1,235.50	\$ 206.95	\$ 1,057.15	\$ 210,319.51	\$ 4,629,941.68
70	Habitat for Humanity - Saline County	0	\$ -	\$ -	\$ -	\$ -	\$ 165,131.70
81	FAF/BMIR	25	\$ 989.76	\$ 714.63	\$ 184,265.06	\$ 925,777.82	\$ 7,303,724.34
81	CTC (College Tech)	1	\$ 40,449.23	\$ -	\$ -	\$ 223,546.61	\$ 7,654,388.16
81	DPA ( Repurchased)	6	\$ -	\$ -	\$ 10,779.15	\$ 13,492.24	\$ 18,868.77
81	Habitat for Humanity- Pulaski County	0	\$ -	\$ -	\$ -	\$ -	\$ 194,119.39
81	Project Fund (Direct Loans)**	2	\$ 59,310.96	\$ -	\$ -	\$ -	\$ 8,070,719.69
81	RECDS	0	\$ -	\$ -	\$ -	\$ -	\$ 25,872.85
81	Tourism Reserve Fund	0	\$ -	\$ -	\$ -	\$ -	\$ 162,044.10
83	Bond Guaranty Fund	0	\$ -	\$ -	\$ -	\$ -	\$ 1,192,362.94
84	HOME	118	\$ 9,693.84	\$ 19,433.10	\$ 616,003.37	\$ 9,907,919.85	\$ 108,377,362.01
95	Neighborhood Stabilization (NSP)	0	\$ -	\$ -	\$ -	\$ -	\$ 14,880,686.64
96	Neighborhood Stabilization (NSP)III	0	\$ -	\$ -	\$ -	\$ -	\$ 4,670,833.36
<b>TOTAL</b>		<b>164</b>	<b>\$ 130,991</b>	<b>\$ 38,132</b>	<b>\$ 1,394,632</b>	<b>\$ 15,544,668</b>	<b>\$ 344,676,373</b>

**DELINQUENT LOAN BALANCES**

		30 Days	60 Days	90 or More	Total Delinquent	Program Balance
Master Servicing *	5	\$ -	\$ -	\$ 24,895.82	\$ 24,895.82	\$ 184,703.07

**OTHER REAL ESTATE OWNED**

Program	Property Name	Value
HOME	EARNESTINE JACKSON	17,500
HOME	ESTATE OF JULIA WALKER	50,000
HOME	LOTS 12, 13 AND 81 WESTCHESTER VILLAGE, PINE BLUFF	21,000
HOME	REGINA BROCK	36,271
ECONOMIC DEVELOPMENT	H&L POULTRY/OZARK MOUNTAIN POULTRY	1,468,471
NSP	3 REED PROPERTIES	3
		<b>\$ 1,593,245</b>

**FINANCED SALES OF REO**

ECONOMIC DEVELOPMENT	Bradley Lumber/Ouachita Hardwood Lease	341,000
ECONOMIC DEVELOPMENT	FBS Lumber/Victory Lumber Lease	482,664
		<b>\$ 823,664</b>

**INSUBSTANCE FORECLOSURES**

PROJECT FUND ( DIRECT LOAN)	Norphlet Chemical	1
		<b>\$ 1</b>

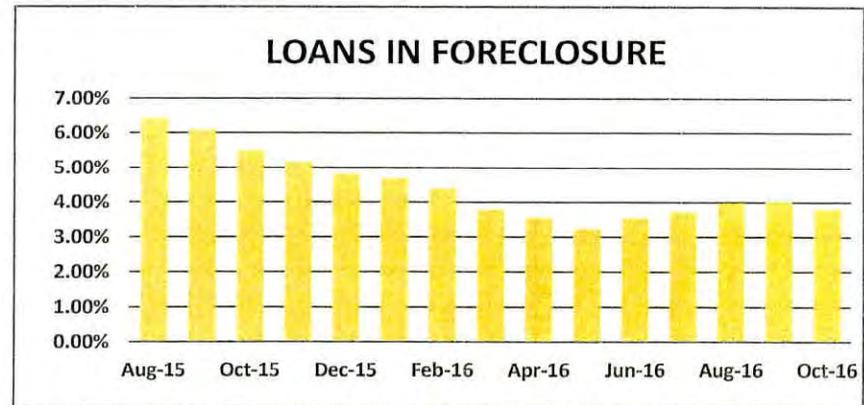
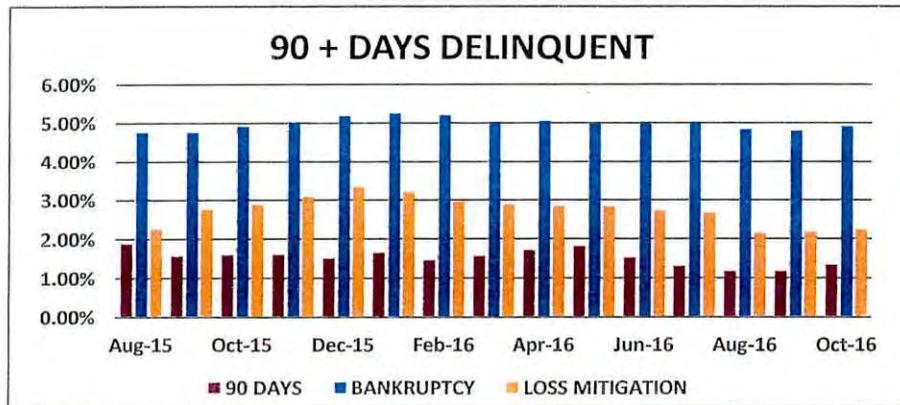
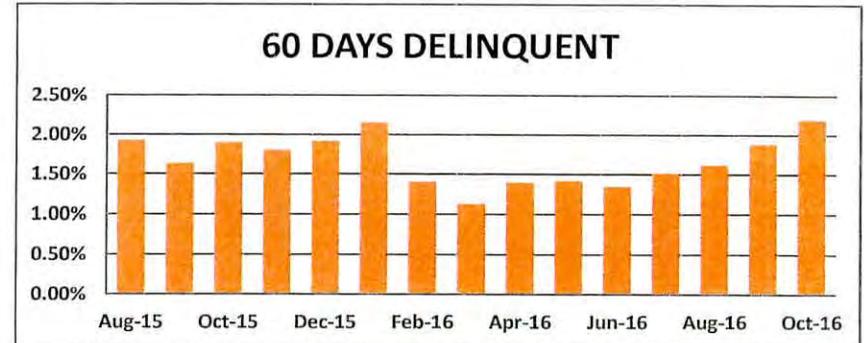
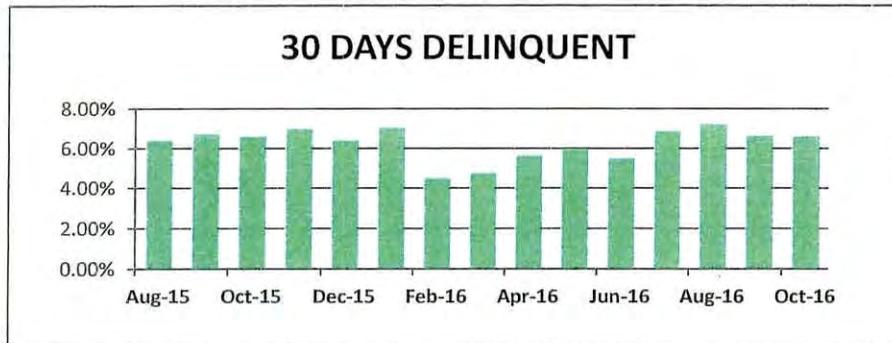
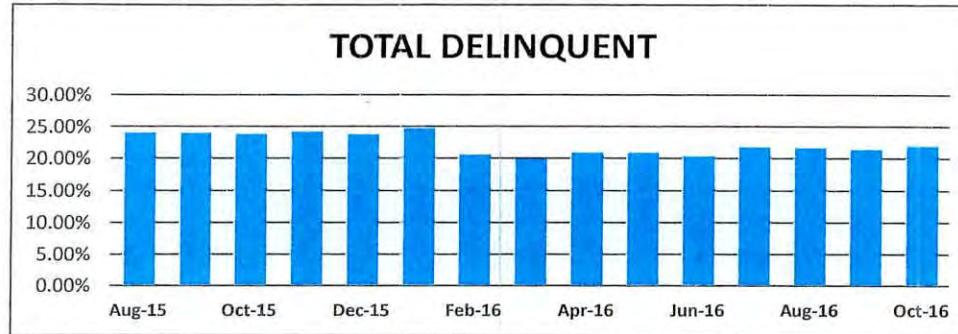
\*Primarily Single Family Whole Loans

\*\*Delinquent payment amount on project fund does not include any payments on Catfish loan. The Catfish loans are included in the "Delinquent Loan Balance" amount.

\*\*\*Value listed is based upon total HOME funds disbursed. This amount will be adjusted to market value when that is determined.

# US BANK MASTER SERVICING DELINQUENCY REPORT FOR OCTOBER 2016

THIS REPORT REPRESENTS THE FIRST MORTGAGE LOANS (% PRINCIPAL) SERVICED BY US BANK IN THE HOME-TO-OWN PROGRAM



## DELINQUENCY REPORT PRESENTED TO THE BOARD OF DIRECTORS FOR OCTOBER 2016

### DIRECT SERVICED - MASTER SERVICED - ECONOMIC DEVELOPMENT GUARANTY LOANS

#### DELINQUENCY REPORT (AS A PERCENT OF TOTAL LOAN BALANCES)

A loan is considered 90 days delinquent when it has three or more payments past due and it is not involved in any litigation nor any special repayment agreements. The "In Litigation" chart reflects any loan that is 90 or more days delinquent and involved in some type of litigation. Examples may be bankruptcy, foreclosure, etc. THESE LOANS WILL NOT APPEAR IN THE OTHER DELINQUENCY NUMBERS. A loan balance will be included in the "Special Repayment Agreement" chart when it is at least 60 days delinquent and the borrower and ADFA have reached a specific agreement to spread a delinquency over time in order to bring the loan current. If the agreement is not kept the loan will normally proceed to the litigation category. If the agreement is kept, the loan will appear in the Special Repayment Agreement numbers until it is less than 60 days delinquent.

